

# FINANCIAL TIMES

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Business  
Germany?

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## AS SUMMARY

**BUSINESS**  
**Equities**  
**lose 14.4**  
**as gilts**  
**fall 1.78**

● **EQUITIES**, after drifting lower, were marked down by 14.4 points on the FT 30-share index, down 6.9 at 3 p.m., ended 14.4 lower at 495.2.

who resigned as a Knight of the Order of St. Michael and St. George on April 5, will take office on June 14. The Order is a British honours system and is awarded to members of the royal household and to other persons of distinction.

**ns find**  
**e's flat**

rd's anti-terrorist squad, a unit of the British Army, has been ordered to search for a suspected IRA member in a flat in London. The man, who is believed to be in the flat, is a member of the IRA and is suspected of being involved in the bombing of the British Embassy in Dublin in 1974.

**oved**  
has been trans-ferred to the Royal Naval School of Maritime Studies in London after a period of leave.

**strikes**  
for doctors in the 10 hospitals in the London area, will be held on April 24. The doctors' union, the British Medical Association, has announced that it will call for a strike on that day.

**as warps**  
ment Tye-out the British travel industry, the Ministry of Defence has announced that it will be reviewing its policy on the use of military aircraft for transport purposes.

**sharing**  
Rhodesian Prime Minister Ian Smith has announced that he will be sharing the power of the Rhodesian government with the black population.

**injured**  
was critical and only ill night. A doctor has said that the man's condition is serious and that he may not survive.

**rates?**  
ship of the GLC, the London Underground, has been ordered to stop work on the new line until the company has agreed to a new contract with the union.

**COMpanies**  
● **VICKERS** pre-tax profits improved by £3.2m. to £24.25m. in 1975 and Lord Roberts, the chairman, says prospects for this year are good. Page 26 and Lex.

● **CADBURY SCHWEPPE'S** taxable profits increased by 35 per cent. last year to £38.6m. with sales up 20 per cent. at £267m. Page 29.

● **AGC-TELEFUNKEN**, West Germany's second largest electrical concern and employer, made a loss in 1975 of DM106.8m. (£22.8m.) compared with a DM69.4m. loss in the previous year. Page 29.

● **INTERPUBLIC GROUP** of the U.S., the world's largest advertising agency, is making an application for a share quotation on the London Stock Exchange. Page 29.

● **Everest expedition** of Camp Three at 28,000 ft. hopes to attempt to reach the summit of Everest in May.

**GE CHANGES YESTERDAY**  
ee unless otherwise indicated)

Courtaulds	151	-5
EMI	248	-8
Farfetch	994	-7
Finsons	357	-11
GEC	180	-7
GLP	111	-9
Grand Metropolitan	71	-3
GUS "A"	205	-12
Hawker Siddeley	393	-9
ICI	108	-7
Land Secs.	92	-3
Lombard	92	-3
Lucas Inds.	212	-18
MEPC	66	-7
Metals and Spencer	280	-8
Metal Box	243	-15
Nat. Westminster	243	-15
Pilkington	333	-10
Plessey	78	-5
Reed Int'l.	274	-9
Tate and Lyle	288	-7
Traffic	89	-7
Tube Invs.	372	-12

## Bank acts after new low of \$1.8070 • Chancellor's assurance on inflation policy

# Sharp fall in £ forces up MLR

BY ANTHONY HARRIS

THE BANK of England yesterday moved to arrest a further sharp decline in sterling, which at one point touched a new low against the dollar of \$1.8070—by forcing a rise in domestic interest rates. The discount houses were made to borrow substantially from the bank for one week at the present minimum lending rate of 9 per cent. This move is expected to raise MLR by a full percentage point at the Treasury Bill tender later today, and possibly by more.

Officials made it clear that the move was made "purely for external reasons," and it is hoped that it will be temporary. It produced an immediate recovery of 50 points in sterling which advanced further to close at \$1.8280, but threw London stock markets into confusion, with heavy falls in gilts and equities. Falls in gilts ranged from 2½ at the long end to exceptional 3½ for the short "tap" issue. Treasury 9½ per cent. 1981, the FT Government Securities index fell 1.78 to 61.46, its sharpest fall in 17 months. The equity index dropped 14.4 points, wiping out much of the previous five-day rise which had carried the index to a 29-month high on Wednesday.

fail in sterling arrested the price decline seen on Wednesday, but rises were scattered, and small by the standard of previous sterling falls.

The events in the exchange market, whose violence took bankers by surprise, seem to have been due to three factors: some portfolio switching by OFEC holders in a thin market was added to existing worries about anti-inflation policy; and the authorities, whose decision to raise interest rates was clearly taken early in the day, made little attempt to bait the fall ahead of the announcement.

The Government regards the market's worries about the anti-inflation negotiations with the TUC as being based on a misunderstanding, and the Chancellor took pains to stress, in a speech to a meeting of EEC trade union officials, that the Government and the unions firmly expect to reach an agreement which will be designed to reduce the inflation rate further. The disagreement which has alarmed foreign holders of sterling is over precise numbers, not the principle that the Chancellor proposed, officials stressed.

However, the interest rate

foreign holders sell in the forward market.

However, many market operators feel that a rise larger than this, adding perhaps two full points to MLR, would be required to carry psychological conviction.

This would be required not only to make sterling technically attractive but to allow a continuing suspicion that the Government gives a higher priority to keeping domestic interest rates falling gently than to protecting the exchange rate. A rise of one percentage point might well leave bank base rates and lending rates unchanged, since these have not yet fully adjusted to money market rates, clearing bankers indicated yesterday.

In the money markets, however, the immediate change in the Treasury Bill quotation to a yield range of 8-9½ per cent. suggested a one point rise in minimum lending rate rather than any higher figure. Since the authorities see no reason at present to raise the domestic cost of credit, this figure, which might have no effect outside the financial markets, clearly has its attractions. Ministers—and notably the Prime Minister—are also aware that in the past some over-dramatic moves have been

HOW THE POUND'S VALUE HAS FALLEN					
£1 against	Nov. 17 1967 (pre-devaluation)	June 27 1972 (£ floated)	7 day	% change since Nov. '67	% change since June '72
U.S. \$	2.7825	2.50	1.8280	-34.30	-26.68
Belgian Fr.	138.02	109.25	71.25	-48.38	-34.78
Dutch Fl.	9.99	7.92	4.91	-50.80	-37.98
French Fr.	13.6387	12.53	8.53	-37.41	-31.92
German DM	11.0587	7.89	4.64	-58.04	-41.19
Italian L.	1.7291	1.461	1.619	-6.35	+10.85
Japanese Y.	1.006	745	547	-45.60	-26.51
Swiss Fr.	12.00	9.33	4.63	-61.49	-50.43

In the commodity markets, the

move was designed to meet other criticisms and a new technical situation which has emerged in the market. The Government wants to signal firmly that it means what it says when it claims that sterling is now undervalued, and to allay suspicions which have not died down since the authorities encouraged the first sharp fall in sterling early in March. A rise in interest rates is also designed to discourage speculative short selling, which has now begun to appear on top of portfolio

discount on sterling which

## Slower rate of increase in U.K. unemployment

BY OUR ECONOMICS STAFF

UNEMPLOYMENT rose by 7,200 on a seasonally adjusted basis in the month to mid-April. This slightly more than cancelled out the fall in the previous month, and means that the level has been virtually unchanged, with an about 0.1 per cent. since February.

The latest figures, while they come as a slight disappointment after the March improvement, appear to warn that the rapid rise which persisted until January is likely to overtake the three-monthly average rise in unemployment, an indicator less liable to random fluctuations, has fallen from 40,000 monthly in January to 8,000 this month. The Department of Employment, which issued a warning that the March improvement might be erratic, regards the latest figures as consistent with the trend.

The number of unemployed in the U.K., excluding school-leavers, and seasonally adjusted, was 1,233,600, or 5.3 per cent. of all employees. The total number registered as out of work was 1,251,117.

It is clear that the improved trend, which has appeared earlier in the trade cycle than expected, is only partly due to an improvement in the demand for labour. The figures for unfilled vacancies registered with employment exchanges have risen every month this year; but the April rise, of only 2,000 on a seasonally adjusted basis, is again a fallback from March, and suggests only a slow improvement in the demand for jobs.

The level of vacancies is normally considered a more reliable indicator of labour market trends than the unemployment figures, and its slow improvement is consistent with the relatively sluggish figures for output and retail demand.

The other major factor is the Government's programme of job protection and job creation. It now appears that this may have been responsible for nearly half

than the seasonal norm; and there was a rise of 2,417 in vacancies for young people notified to careers officers.

There was a fall of some 4,800 in the number of workers employed but temporarily stopped, reflecting moves towards settling disputes in the motor industry; the total on short time, including those temporarily stopped, is estimated to have fallen by 10,000 in March to a current level of 121,000, and much more sharply down from 187,000 in February.

These figures also confirm a picture of a steady but undramatic improvement in the shop-floor situation.

Just under 180,000 students were unemployed benefit during the vacation in April. These are no longer included in the general unemployment figures.

The regional figures show that Scotland suffered the worst setback in the worst of the year, with unemployment rising by 4,400 in the month; the situation there has been affected by a slowdown in North Sea operations and the Chrysler redundancies. This was more than half the rise for the whole of the U.K., and the figures attracted unfavourable comment at the Scottish TUC meeting at Perth.

Unemployment on a seasonally adjusted basis also rose sharply in Wales, bringing the rate to 7 per cent. in the North and in the North West. The slow but persistent deterioration in the South-East continued, with a 1,100 rise to bring the rate in this traditionally high unemployment region to 3.9 per cent. Rising activity in the motor industry, however, contributed to a sharp improvement in the Midlands, where unemployment dropped by 2,500, to reduce the rate there by more than a full percentage point in the month.

The EEC rate Page 6  
The regional pattern, Page 11

## £42.7m. rights issue by Lucas

BY TERRY WILKINSON

LUCAS INDUSTRIES, the vehicle and aircraft equipment group, is raising £42.7m. of new capital through a rights issue, one of the largest on record by an industrial company.

The operation brings the total amount of money raised by rights issues so far this year to £42.3m.; during 1975 rights issues reached a new peak figure of £1.2bn.

This move comes at a time when Lucas is engaged on a major expansion programme for the manufacture of diesel engine equipment. In September 1975, the group outlined a five-year programme designed to double the world-wide production of CAV diesel fuel injection equipment. The initial stages of the plan, covering a period of two years, involve capital spending

of £35m.-£25m. in the U.K. and £10m. overseas.

Lucas now intends to step up this programme, to take advantage of the strong world demand for diesel engines which has developed since the oil crisis of 1973. The rights issue proceeds will also be directed towards a major re-equipment of the company's other manufacturing facilities.

The CAV diesel business accounts for one-fifth of Lucas Industries' group sales of £370m. in 1975 and supplies about 30 per cent. of total world requirements for fuel injection equipment, outside the Eastern bloc. While some 70 per cent. of CAV's output is exported, the company also has major capacity increases on hand in France and Brazil.

Accompanying the rights issue is a forecast that group pre-tax profits for the year to July 31, 1976, will be not less than £46m., compared with £32.34m. in the previous year.

The rights issue at 188p. is on the basis of one new ordinary share for every three ordinary shares or two redeemable Preference shares. Although the new shares are not eligible for the interim dividend payment of 1.52p, the company has received Treasury consent to pay a final dividend of 5.84p. The total dividend of 7.36p represents an increase of about 40 per cent. on the previous year. The shares closed 18p lower last night at 212p.

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British Shipbuilders	12
Calsonic	27
Cellulose	24
Daily Electric	24
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## Vorster denies embargo on arms for Rhodesia

BY STEWART DALBY

JOHANNESBURG, April 22

MR. JOHN VORSTER, the South African Prime Minister, today denied reports that the Republic has halted military aid to neighbouring Rhodesia.

Speaking in Parliament in Cape Town, Mr. Vorster said in his first major foreign policy statement for some time, that he would not reveal what military aid South Africa had given to Rhodesia in the past or what it intended to provide the white minority government.

Mr. Vorster was commenting on reports that South Africa had decided last month to cut off all military aid to Rhodesia and that this decision had been conveyed to Mr. Smith's Government.

At that time Mr. Piet Van Der Byl, the Rhodesian Foreign and Defence Minister, had howled to South Africa allegedly on a private visit but, according to reports, to discuss with Government officials the question of military aid. The rebuff he was reported to have received here led him to go to Europe.

It is thought that Mr. Van Der Byl may have sounded out both the French and West German Governments on the question of arms supplies. In particular, it has been reported that Mr. Van Der Byl was interested in strike aircraft, including Mirage jets, as

well as light artillery and helicopter.

Mr. Vorster's denial coupled with other references to Rhodesia later in his speech indicated, according to informed observers, that there would be no immediate change in the Republic's policy.

"I wish to state once again for the record that we have never prescribed to Rhodesia what it should do or tried to twist its arms. South Africa's standpoint has always been that the Rhodesians must decide for themselves," Mr. Vorster affirmed his Government's policy that South Africa would not be party to border closures and boycotts against Rhodesia.

Mr. Vorster also repeated his view that Britain had a "special duty" to help resolve the Rhodesian dispute.

Diplomatic sources felt that there could be something in the suggestion that South Africa has conveyed to Rhodesia in strong terms its unhappiness with Mr. Smith's failure to come to terms with the black Nationalists.

They felt this may have manifested itself in a plain message to Salisbury that South Africa would not be sending either police or troops into Rhodesia under present circumstances. Until the middle of last year, South Africa had 2,000 police stationed in Rhodesia but these were withdrawn.

Whether this decision to keep clear of Rhodesia in terms of personnel also extended to material and weapons is not clear, but sources today were inclined to take Mr. Vorster at his word.

Just what has been supplied is a closely guarded secret. It is known that when the South African paramilitary police were pulled out last year, 34 Alouette 711 helicopters were left behind, with South African pilots to fly them. These helicopters, it seems, are staying.

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# Helping hand for global inflation

BY C. GORDON TETHER

IT IS a pretty safe bet that, of all the forms of economic mismanagement that have landed the world in its present mess and—on present indications—are likely to keep it there, none is going to look quite so idiotic to the historians, when they come to sum up this inglorious phase in world affairs, as the campaign to discredit gold.

A week or two ago, I pointed to the way in which the big drive to undermine confidence in gold as a haven from currency unrest was exacerbating the unhappy consequences of that turbulence. This was by encouraging "junk money" to move into the safer currencies rather than into gold—as it might well have done in similar circumstances in the past—thereby helping to produce major changes in exchange rates for which there was no possible economic justification.

Now this misguided exercise seems to be playing a sizeable part in producing another distortion of the global economic picture that will be anything but helpful in getting the world back onto an even keel. Thus there are good reasons for thinking that the fast-developing movement of money into commodities reflects in no small degree the growth of the feeling that gold under a cloud and the more popular currencies becoming ridiculously expensive, it makes the utmost sense for those looking for security for their capital to pin their flag to run-of-the-mill commodities.

appreciably higher domestic prices, raising the annual rate of advance in the cost-of-living index in March to 25 per cent—it had previously been all but brought down to single figures.

The fall in the £ is bound to have an appreciable effect of a similar kind here. And the same will be the case, in greater or lesser degree, in all the other countries that have already been forced to devalue their currencies or will soon have to do so to protect their markets against the competitive devaluations of others.

Needless to say, nothing is more likely to jeopardise the world-wide drive to encourage workers to collaborate in measures to halt the wages-price spiral than upward movements in prices over which Governments can exercise little or no control. And if recent events in the U.S. are any guide, this endeavour is also going to have to contend with a growing impatience with austerity among labour forces—an impatience which is tending to find expression in the argument that, if there is so much capacity unutilised, there must be more room for raising living standards than the policy makers admit.

## A boomerang

Thus contracts which provide for a substantial real terms increase in pay over a period of three years have recently been negotiated by the unions in the U.S. and more deals of the same kind are evidently on the way.

With the steps to bring about a resumption of growth taken in a number of countries over the past year beginning to make their mark, the world was obviously destined to experience a resurgence of cost-push—inflation if not of demand-pull—inflation in the year ahead. It is impossible in the extreme for the past-setting countries to compound the problem by indulging in anti-gold excesses that serve no discernible useful purpose.

What makes it the more ridiculous is that such excesses are bound to boomerang in the longer run. For one thing that can be predicted with absolute certainty is that, if global inflation gets under way again, no amount of anti-gold propaganda is going to prevent a major new movement of funds out of paper money into gold developing. And on a case moreover, that will make it quite impossible to stop the price of the metal rising well beyond the level at which it has recently been bogged down.

## New explosion

There is no difficulty in seeing what a baleful impact the resulting upsurge in food and raw material prices is likely to have on the wages-price spiral aspect of the global inflation problem. One of the main factors behind the great inflationary upsurge of the early-1970s was the commodity price explosion that preceded it. Now it looks very much as though a new explosion in this sector could help to fuel another such upsurge just when there seemed to be some hope of getting inflation rates—in the more important countries—at least down to manageable levels.

And it has to be remembered in this connection that a number of other factors which have recently appeared on the scene will be pulling in the same direction. One is the considerable upward pressure that is going to be exerted on the prices structures of developing countries by the advance in the cost of goods with a significant import content. As our Rome correspondent pointed out yesterday, the fall in the lira is now showing up in

## RACING: BY DOMINIC WIGAN

# Jumping Hill for Sandown Cup

NOEL MURLESS and Lester Piggott, who have combined to land so many memorable victories since the war, look set to take to-day's Sandown Cup with Mr. George Pope Junior's *Jumping Hill*.

This powerfully-made grey son of *Hilary* was in particularly impressive form towards the end of last season. He defeated *Dance All Night* at York and finishing a neck second to *James* at Haydock; and he ran well on his reappearance in Newmarket's *Ladbroke Handicap* recently.

Always at the head of affairs in the 11 miles *Ladbroke Handicap*, *Jumping Hill* looked likely to take a band in the finish until fading close home to finish a close fourth behind those top-class performers *Chill The Kite*, *Dominion* and *Orange Bay*.

A tough front-running colt, who will be ideally suited by

*SANDOWN*  
2.00—*Tasman*  
2.15—*Easy Landing*  
2.30—*Jumping Hill*  
2.35—*Arpaho*  
4.10—*Maximova*  
4.40—*Bowling Alley*

*THIRSK*  
2.00—*Precious Image*  
2.20—*Terrine*  
3.00—*Palatka*  
3.20—*Pictorial Post*  
4.00—*Polystyle*  
4.30—*Farbold*

*BANGOR*  
2.15—*Dennybrook*  
2.45—*Dad's Birthday*  
3.15—*Zip Fastener*

This 11 miles *Jumping Hill* is taken to win at the expense of the lightly-raced *Adagio*, from Dick Hern's in-form *West Isley* establishment.

A second possible winner for Murless and Piggott is the much-

vaunted *Roscommon*, amongst the runners for the one mile *Tudor Stakes*.

Mr. Jim Joel's handsome *Connaught* colt ran promisingly on his only race-course appearance when third of four behind *Rhodie Blake* in a maiden event at Newmarket's July meeting, and he has been giving every satisfaction in recent homework.

In an interesting race he is suggested as the principal threat to the more experienced *Arpaho*, an impressive winner of Newmarket's seven furlongs *Rowley Stakes* a fortnight ago.

At Thirsk, where it is a Racegoers Club Concession Day, the safest course may be to bank on *Edward Hide*. The North's leading rider has collected a highly promising collection of rides here and I shall be surprised if he fails to land at least two winners.

## SALEROOM BY ANTONY THORNCROFT

# Macready silver makes £9,000

IN 1843 "the lovers of the National Drama," headed by the Duke of Cambridge, gave the actor William Charles Macready an enormous silver centrepiece in recognition of his "exertions to elevate the National Drama."

Yesterday the centrepiece, which originally cost about 500 gns., raised by subscription, was sold at Sotheby's Belgraveia auction room by descendants of the actor for £9,000—comfortably above the £3,000-£5,000 pre-sale forecast.

The buyer was anonymous, but the silver was in the country. It is a remarkable example of the early Victorian craze for silver centrepieces, and the price is an auction record for an item of Victorian silver.

This is a market which has grown steadily in appreciation in recent years. A decade ago it is quite possible that even such an important object as the Macready testimonial would have been melted down for its metal value. Now there is some appreciation for the design.

The centrepiece is over 30 inches high, weighs over 641 ozs., and was made in the workshop of Benjamin Smith II. It was one of the features of the 1881 Great Exhibition.

Its appeal yesterday was not an isolated example. Another centrepiece of 1890, showing "Arabs of the desert tracking travellers by their footmarks in the sand" was sold for £4,400

to *Gay Antiques*—more than double the estimate. This group was made by Robert Garrard II and presented by Napoleon III to the Junior Services Club.

The entire sale did very well, totalling £77,137, a record high for a Belgraveia silver sale. Only 2.57 per cent. was unsold.

Other good prices were the £3,400 from Kuros for a massive German painted and oxidised silver gift casket of around 1875; £2,600 for a very large silver mounted ivory casket, prob-

ably German 1880; and £2,500 for a Boucheron gold and enamel miniature striking carriage clock of 1890. (A 10 per cent. buyer's premium should be added to all prices.)

Bonham's furniture sale realised £99,880. A silk Khotan carpet went for £2,800, a George I walnut bureau for £1,700, and a small George III mahogany bookcase for the same price.

A picture sale added £17,831, with a top price of £550 for a picture of a mail coach on Newmarket Heath from the school of Pollard.

Last night's grand occasion at the Mansion House, organised with Sotheby's to raise money for the Royal Shakespeare Theatre Centennial Appeal, added £9,400 to the fund, which was later increased to £10,000, almost double the expectation.

A George III silver cup and cover, contributed by the Queen, went for £2,200—against a £250 estimate—and a vase and cover in Coalport china given by Mr. Harold Wilson, the former Prime Minister, was bought for £550 (£300-£400 estimate).

At Sotheby's Chancery Lane rooms a book sale brought in £24,055 on its first day against an estimate of £15,000. Only three lots were unsold.

Top price was the £2,100 for the eleven volumes of the George Sumoripoulas collection catalogue, Martin's history of Oriental Carve's before 1900, published in 1906-08, went for £1,500 as against the £250-£300 estimate.



The Macready Testimonial: record auction price

## TV Radio

+ Indicates programme in black and white.

**BBC 1**  
7.05 a.m. Open University (UHF only). 9.55 The Wombles. 10.00 The Banana Splits in Hocus Focus Park (cartoons). 10.40 Gilbert (story of a shire horse). 11.45 p.m. News. 1.00 Pebble Mill including Dig This. 1.45 In the Town. 2.10 Pobel y Cwm. 2.40 The Sky at Night. 3.58 Regional News (except London). 4.00 Play School. 4.25 Deputy Dawg. 4.30

Jackanory. 4.45 Right Charlie. 5.10 The Carpet Weaver of Samarkand. 5.40 Magic Roundabout.

5.45 News. 6.00 Nationwide. 6.45 Sportswide. 7.00 The Wonderful World of Disney. 7.15 The Best of Yarwood. 8.30 Wodehouse Playhouse. 9.05 News. 9.25 Starsky and Hutch. 10.35 To-Night. 11.05 A Secret England.

11.55 Weather/Regional News. 11.57 Come Dancing. All regions as BBC 1 except at the following times:  
Wales—1.00 p.m. Tredwt. 6.00-7.00 Wales To-day. 7.00-7.15 Heddiw. 7.15-7.45 Sianel 5. 10.35-11.05 Kane on Friday. 11.05-11.35 Gallions Court. 11.45-11.57 News for Wales. 11.59 p.m. Reporting Scotland including 6.20-6.35 Scottish TUC Report. 7.00-7.15 Carlowa. 7.15-7.45 The Fop Programme. 8.30-9.00 Current Account. 11.05-11.35 Scope. 11.35-11.57 News for Scotland.

Northern Ireland—7.58-8.00 p.m. Northern Ireland News. 8.00-8.10 Scene Around Six. 11.05-11.25 Gallery. 11.35-11.57 News for Northern Ireland.

England—6.00-7.00 p.m. Look North (from Leeds). 7.00-7.15 News. 7.15-7.45 Midlands To-day (from Birmingham). Look East (from Norwich). Points West (from Bristol). South To-day (from Southampton). Spotlight (from South West (from Plymouth)). 11.05-11.35 North (from Leeds). Let the People Talk: North West (from Manchester). Champion Brass Band East (from Newcastle). Fair Comment: Midlands (from Birmingham). A Summer of Gardens: West (from Bristol). The (for Environment) Show: South West (from Plymouth). Peninsula Spotlight: South (from Southampton). Report South: East (from Norwich) On Camera.

11.30 Closedown: Ronald Pickup reads "The Grand View" by Dannie Abse.

**LONDON**  
5.50 a.m. Larry The Lamb. 10.05 Meet the Men from UNCLE: "The Helicopter Spies". 11.35 Gallions Court. 11.40 A Hundred of Songs. 12.10 p.m. Pippins. 12.30 Those Wonderful TV Times. 1.00 First Report: News. FT index. 1.30 Lunchtime To-day. 1.30-1.40 p.m. Good Afternoon. Money-Good Round. 2.30 Racing from Sandown Park. 3.55 General Hospital. 4.20 Four Idle Hands. 4.50 You Must Be Joking. 5.20 University Challenge. 5.50 News from ITN. 6.00 To-day — The London Crossroads. 6.35 Crossroads. 7.00 Sale of the Century. 7.30 The Posters. 8.00 Police Woman. 9.00 Hadleigh. 10.05 News. 10.20 Police Five. 10.40 Russell Harty. 11.30 Shannon's Mob. 12.30 a.m. Through the Eyes of a Child. All ITV regions as London except at the following times:

**ANGLIA**  
10.05 a.m. Skippy. 11.25 "Tarzan's Hidden Jungle". 11.35 Postcard. 1.25 a.m. Anglia News. 6.30 Anglia. 8.00 The Madman. 11.30 Probe Special. 11.50 a.m. Christians in Action.

**ATV MIDLANDS**  
10.30 a.m. Carlton. 11.00 p.m. "Ferry" "Crash the Mercy". Gerry and the Pacemakers and Gilla. 1.20 a.m. ATV News. 1.30 Hogan's Heroes. 4.00 ATV Today. 7.00 News. 7.30 The Streets of San Francisco. 8.30 Extra Time. 11.00 The Monster Movie: "The Gorgon". starring Peter Cushing and Christopher Lee.

**GRANADA**  
9.30 a.m. Alphabet Soup. 9.55 Animated Classics. 10.00 The New Adventure of the 39 Steps. 10.10 The Great Escape. 11.30 a.m. The Great Escape. 1.20 a.m. The Great Escape. 1.30 a.m. The Great Escape. 1.40 a.m. The Great Escape. 1.50 a.m. The Great Escape. 2.00 a.m. The Great Escape. 2.10 a.m. The Great Escape. 2.20 a.m. The Great Escape. 2.30 a.m. The Great Escape. 2.40 a.m. The Great Escape. 2.50 a.m. The Great Escape. 3.00 a.m. The Great Escape. 3.10 a.m. The Great Escape. 3.20 a.m. The Great Escape. 3.30 a.m. The Great Escape. 3.40 a.m. The Great Escape. 3.50 a.m. The Great Escape. 4.00 a.m. The Great Escape. 4.10 a.m. The Great Escape. 4.20 a.m. The Great Escape. 4.30 a.m. The Great Escape. 4.40 a.m. The Great Escape. 4.50 a.m. The Great Escape. 5.00 a.m. The Great Escape. 5.10 a.m. The Great Escape. 5.20 a.m. The Great Escape. 5.30 a.m. The Great Escape. 5.40 a.m. The Great Escape. 5.50 a.m. The Great Escape. 6.00 a.m. The Great Escape. 6.10 a.m. The Great Escape. 6.20 a.m. The 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Financial Times Friday April 23 1976

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O by MAX LOPPERT

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Warren Beatty film  
on Howard Hughes

Warren Beatty is to produce  
and star in a film based on the  
life of Howard Hughes. Negotia-  
tions for last night sessions between Beatty and Warner  
Brothers have been going on  
separately for each  
accompanied by an

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IN DEED IT IS



Ka Hsiang-ting, Fu Pi-hui and Ou Wei in "Execution in Autumn"

Cinema

## Full of Eastern promise

by NIGEL ANDREWS

Execution in Autumn and  
Blood Reincarnation  
Electric Cinema  
The Amichrist (X)  
Odeon Haymarket  
The Homecoming (AA) Curzon

Some of the magic went out  
of film-making when American  
directors turned their backs on  
the multi-purpose possibilities  
of the studio, and took their  
cameras out into the streets. The  
gain in realism has been a loss  
in poetry. Gone is the world of  
backdrop skies, paste-and-  
canvas streets and airless studio  
landscapes that gave pre-war  
Hollywood films some of their  
fascination. In its place is an  
almost obsessive cult of the  
location: to-day no city street,  
no labyrinthine building, no busy  
complex of freeways, is left  
untouched in the pursuit of that  
heretic hot-from-the-press realism  
that American commercial  
cinema has lately taken to its  
heart.

History is simplified, of course,  
by suggesting that such a change  
took place overnight. Location  
shooting is as old as the cinema  
itself. (It was the coming of  
sound that tended to herd every-  
one into the studios); and de-  
spite the disavowal into which  
studio production has lately  
fallen, some directors (Kitch-  
cock, for example) still shoot the  
exterior scene in a studio, or  
throw a piece of deliberate  
artifice (the painted ship block-  
ing the end of a slum street in  
Marjorie) into otherwise realistic  
sequences. But the post-war  
season of the Italian cinema and  
the French new wave, the deter-  
mination of directors like  
Rossellini and Godard to make a  
virtue of budgetary necessity by  
shooting indoor and outdoor  
scenes alike in location—has this  
week in a double-bill,  
Execution in Autumn and  
Blood Reincarnation, set in  
China's remotest past (circa 200  
years to shoot most (or any) of  
its exterior scenes in a studio,

he would be treated with the  
ruffianly young man, convicted  
of murder, who while waiting for  
execution is allowed to marry a  
girl, and father a child by her,  
in order that his family's line  
will not die out. The long time  
span of the film (the stay of  
the current influx of films from  
Hong Kong has demonstrated is  
the irresistible and enduring  
magic of studio production. The  
Hong Kong film industry is a  
kind of Hollywood in miniature:  
a close-knit group of producers,  
directors and actors channelling  
their skills into the manufacture  
of a rapid supply of films based,  
to a greater or lesser extent, on  
proven box-office formulae. Thus  
while it was more economic  
(and still is) for independent  
film-makers like Rossellini and  
Godard, working outside their  
country's commercial industry,  
to shoot on location, for a mini-  
industry like Hong Kong's, whose  
members work within a similar  
style and to a similar objective,  
studio production has a clear  
advantage.

In three weeks time Londoners  
will have a chance to see the  
chef d'oeuvre of Hong Kong  
cinema, King Hu's Touch of Zen.  
This three-hour epic set in Ming  
Dynasty China showed up in  
Cannes last year and ran off with  
most of the acclaim (but pre-  
dictably none of the awards) of  
the festival's fortnight. It  
showed that there is far more to  
Hong Kong cinema than the foot-  
swinging exploits of Bruce Lee  
and company (though those are  
not negligible); and that in an  
industry with a truly prolific  
output there is always the prob-  
ability that one or two directors  
will emerge with a gift for turn-  
ing dross to gold, and for slip-  
ping hand-crafted products of  
real value onto the ever-moving,  
ever-expanding production line.

As an appetiser to King Hu's  
film, the Electric Cinema is  
opening two Hong Kong movies  
this week in a double-bill.  
Execution in Autumn is a  
romantic melodrama set in  
China's remotest past (circa 200  
years to shoot most (or any) of  
its exterior scenes in a studio,  
it has as its hero a

power of story-telling. But  
fashion moves in cycles, and  
what is outmoded today (in the  
West at any rate) may well  
return triumphantly to favour  
tomorrow. Certainly a film  
industry in crisis like our own  
could learn a lot from the  
directness, the exuberance, the  
fantasy, the sheer delight in  
film-making that characterises  
much of Hong Kong cinema  
to-day.

Nothing characterises The  
Amichrist except an ineffable  
silliness and the kind of clumsy  
geneflections to a past money-  
spinner (The Exorcist) that we  
have grown used to in this  
recessive age of sequels and spin-  
offs. A plot of escalating  
implausibility concerns a young  
cripple (Carla Gravina) and her  
attempts to find a divine cure for  
her mysterious ailment. (She is  
paralysed in the legs). Mei  
Ferrer, Arthur Kennedy and  
Alida Valli are among the  
friends and relatives who rally  
round offering helpful advice.  
Miss Gravina, it turns out, is  
possessed by the spirit of an evil  
ancestor, and it is not long be-  
fore the holy water and the  
priestly incantations are wheeled  
on to do battle with the Satanic  
enemy. The film was made in  
Italy (produced by Edmondo  
Amati, directed by Alberto de  
Martino) and its unerring vul-  
garity is compounded by some of  
the worst dubbing I have heard.

The British Film Theatre  
season at the Curzon continues  
with Peter Hall's production of  
Pinter's The Homecoming. The  
film is virtually a carbon copy of  
the original RSC stage produc-  
tion, with the same cast (Paul  
Rogers, Ian Holm, Cyril Cusack  
et al) and the same grey,  
dankly-furnished set represent-  
ing a living-room somewhere in  
North London. Pinter's noisy,  
bullying, patriarchal family  
come wonderfully to life in  
Hall's production—as do Vivien  
Merchant and Michael Jayston  
as the two bewildered interlo-  
pers—and as a comically re-  
volting study in male chauvin-  
ism the play still has no  
equals.

Both these films demonstrate  
a delight in artifice and stylis-  
ation—a delight in the way their  
settings, Blood Reincarnation  
in its story and direction—that  
in a cinematic age obsessed with  
realism is truly refreshing. In  
some ways, Hong Kong's film  
industry is more "old-fashioned"  
than most: with its close-knit  
group of film-makers, its pro-  
duction-line approach to movie-  
making, its belief in the prime

Royal Court

## Waiting for Godot

by B. A. YOUNG

The Royal Court's season the meaningless drivel as if it  
celebrating Samuel Beckett's were poetic oratory—as to him,  
70th birthday begins auc- no doubt, it is. Pozzo is unex-  
plicitly with a visit from the pectedly almost as ragged as the  
Schiller Theater's production of tramps, though his outward-  
Waiting for Godot. It is directed brushed moustache and his  
by Beckett himself, and so may jorgnette indicate a superior  
presumably be regarded as origin. Carl Raddatz has a  
definitive.

Beckett makes no attempt to  
humanise the figures of  
Estragon and Vladimir. As Horst  
Bollmann and Stefan Wigger  
give them, they are almost like  
marionettes. Wigger's Vladimir,  
tall and ungainly, wears about  
him all the signs of the basic  
music hall funny man, his toes  
turned in, a drooping shoulder  
making his right arm much  
longer than his left, his fingers  
splayed out at improbable  
angles. Bollmann's Estragon, a  
head shorter, is posed on a pair  
of baggy trousers a world too  
wide for his bony legs. Their  
movements are artificial, often  
synchronised as if they were a  
vaudeville double-act. They are  
not even Laurel and Hardy; they  
are Mutt and Jeff.

This inky appearance  
heightens the effect of what they  
say, for they make no attempt to  
drain the humanity from their  
words. What we see in these  
two fine performances is the  
ultimate state of man at the  
nadir of existence.

The insistence on putting ex-  
pression into words that seem  
not to contain very much call  
it shows even more strongly  
the Klaus Kerm's delivery of  
Lucky's "thinking." He speaks

The Entertainment  
Guide is on Page 13

resonant, deep voice that glows  
with authority, and he at any  
rate is not deprived of his  
reality.

It is always beneficial to see  
a play that is beginning to seem  
over-familiar done in another  
language; it focuses the atten-  
tion on details that risk being  
taken for granted. When it is  
such as fine production as this  
one, the benefit is doubled.

Amateur Theatre  
Festival at Ealing

The International Amateur  
Theatre Week will be held at the  
Questors Theatre, Ealing, from  
May 1-8. This is the fourth such  
week to be held there, and this  
year it is sponsored by Canada  
Dry (U.K.) Ltd.

Visiting companies include the  
Sundrive Players from Dublin,  
in a state version of Joyce's  
Finnegan's Wake; Les Draveurs,  
not to contain very much call  
it shows even more strongly  
the Klaus Kerm's delivery of  
Lucky's "thinking." He speaks



Stefan Wigger and Horst Bollmann

Robert Self/Hester van Royan

## Two kinds of landscape

by WILLIAM PACKER

There are times when London  
seems very quiet, with nothing  
much happening. Lately, with  
the Millet exhibition over, and  
the Constable going steadily,  
there has been a hiatus.  
This is not to say there is nothing  
to see. For example, at the  
Robert Self Gallery, reached by  
lift from Earlham Street, is a  
show of recent work by Gerald  
Newman, spare and conspicu-  
ously elegant, environmental  
pieces that refer to the common  
experiences of landscape without  
feeling the need to describe it.  
Newman is an aesthete, and  
suffers the occupational affliction  
of precocity. His work can  
seem too nice, too simple, too  
seductive. In the context of a  
mixed exhibition, like the New  
Work shown at the Hayward  
before Christmas, it can seem too  
much. Here in a simple one-man  
show, it makes more sense; and,  
without answering all the  
questions I felt then, mitigates  
them considerably.

We stand in an empty space  
(a judicious warehouse conver-  
sion), with a loudspeaker on  
either hand, against the wall  
behind us, the two emitting the  
natural sounds picked up at a  
certain location at a certain  
time. On the wall opposite is a  
notice giving the particular  
specification of time and place, a  
clear and precise, and indeed  
eminently noticeable placard.  
Such devices naturally and in-  
evitably turn our attention, not  
so much upon what we see, as  
upon what we remember from  
our own past experience; and we  
begin to speculate upon what we  
really do feel in such circum-  
stances.

It is not altogether an un-  
rewarding opportunity to take,  
and remains available through-  
out April.

Hester van Royan in Walton  
Street.  
Fulton makes epic, particular  
and precise excursions into the  
countryside, usually at its wild-  
est, and most remote, taking  
occasional and exquisite photo-  
graphs to record his process. He  
might well rest on his laurels as  
a fine photographer; but he in-  
tends more. Each photograph is  
subscribed, again precociously  
and with great particularity, and  
typographical precision, by the  
detailed notice of where and  
when: in which direction he was  
headed, how far he walked, and  
how long he took. Not only do  
we view a splendid Romantic  
image of landscape, but we begin  
to project ourselves into it, to  
take the walk ourselves.

Fulton's work is never less  
than immaculately presented,  
and always reduced to a single,  
economical statement: one image  
standing for one journey. It  
lends itself to publication quite  
as much as to exhibition, and  
Miss van Royan has several  
earlier books and folios avail-  
able, to augment this latest  
venture. It all adds up to a  
most intriguing, and, in its own  
special way, rather beautiful  
show.

At his piano recital yesterday  
evening, Eric Hope offered a  
programme of Beethoven and  
Chopin—recently, uneventfully,  
but not unengagingly played—  
performances of the kind one  
might be pleased to hear from a  
good pianist at a friend's house  
after dinner: somewhat clouded  
by pedal, and from time to time  
by some odd rubato quirks, but  
otherwise sensible, forthright,  
unaffected (one quirk in particu-  
lar, though, a slowing down to  
almost half-tempo for not all,  
but only alternate, bars of the  
second subject of the Pathétique  
sonata's first movement seemed  
not only odd, but inexplicable).

Of Beethoven's op. 110 he gave  
an adequate exposition—one  
unfortunate memory lapse in the  
introduction to the arduous ex-  
celsior—rather than a reading  
which carried us any closer to  
the mysterious heart of the  
music. But it was interesting to  
hear Mr. Hope's two early Beetho-  
ven essays, both of them un-  
earthed from British Museum  
sketchbooks by the indefatigable

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## WORLD TRADE NEWS

### Izmir agreement signed

By Media Munk

ANKARA, April 22

TURKEY, Iran and Pakistan this evening completed their summit here with an ambitious declaration to "increase their co-operation in all fields." This includes the setting up of a free trade area between them through gradual reduction of tariffs within ten years.

The declaration said that the Shah of Iran, President Korkuturk of Turkey, and Prime Minister Bhutto of Pakistan have decided to re-define and place on a legal basis the regional co-operation for development (RCD). RCD was established 12 years ago but has been very unimpressive as an economic alliance.

To redress this situation the three leaders have taken a number of decisions which observers consider to be unrealistically ambitious in view of the under-developed economies of the three member states.

No doubt, the most dramatic decision was the decision to sign an agreement, to be called the Izmir Treaty, which would "embody the RCD's aims, modes of operation and organisational structures in the light of the new regional requirements." Appropriate measures would be taken towards the establishment of an RCD free trade area through gradual elimination of tariffs under a protocol on trade within ten years. An RCD investment bank will be established, the protocol said, "initiating, promoting and financing projects of a regional character."

Other points of agreement in the protocol were: establishing close contacts among planning and financial authorities; taking immediate measures to promote industrial co-operation and establish viable projects on a regional basis; encouraging banks to extend greater credit facilities to the exporters of their member countries; improvement of telecommunications; giving priority to the construction and improvement of RCD highway and railways linking the three countries; forming an RCD shipping company; and reconstructing the RCD secretariat to cope with the proposed expansion and intensification of its activities.

### British wool textile exports show 14% rise

By RHYS DAVID, TEXTILES CORRESPONDENT

BRITAIN'S wool textile industry is now showing signs of climbing out of the recession with export earnings in the first two months of this year some 14 per cent up on the same period last year.

Figures published by the industry yesterday indicate that the improvement is beginning with the first stages in the processing chain, as might be expected, with sales abroad of raw wool yarns, and tops (combed wool) up in value and volume this year.

Total exports in February came to £20.4m, a rise of £2.2m on January and £3.6m more than in February last year.

Exports of yarn rose by 24 per cent to £6.8m, with volume rising by 21 per cent, and raw wool shipments abroad were up 47 per cent to £3.6m—a rise of 14 per cent in volume. Earnings from tops doubled to £5.5m, and were up 62 per cent in volume.

But while there are signs that processors abroad are beginning to increase their activity, exports of finished cloth—the biggest element in sales abroad—remain depressed. Cloth exports in the first two months of the year were down by 22 per cent, at

£12.2m, and down some 24 per cent in volume compared with the same period last year.

Sales of cloth in woolen and worsted form were down in all the major markets, including Japan, the industry's biggest market in recent years and in the Middle East, a strong growth area over the past year. In February Japan took only 123,000 square metres of U.K. worsted cloth compared with 479,000 square metres in 1974. Worst exports to the Middle East fell from 592,000 square metres in February last year to 366,000 square metres and sales to Australia and New Zealand were also down from 153,000 square metres to 62,000 square metres.

Sales in Europe have fallen much less severely with exports of woollens at 1.5m square metres down from 1.8m square metres in February last year, and sales of worsteds down from 886,000 square metres to 824,000 square metres. Exports to the United States of woollens and worsteds were both up in February compared with the same month last year, reflecting the improvement in textiles demand in the U.S.

The wool textile industry

remains critical of the tariff restrictions which it claims it from achieving cloth sales market. Mr. F. executive of the U.K. Wool Textile Export Association in a letter to the U.S. says the U.S. are a market for woolen and worsted suppliers, but mount a duty per pound of woolen to on the wool. The wool also recently for a reduction in South America warning was Zealand's Mr. Robert Munn visit to Br restrictions country's wool U.K. wool U.K. sales declined from metres of c 700,000 kilos in 1974 to 600,000 kilos in 1975. The wool textile industry is now showing signs of climbing out of the recession with export earnings in the first two months of this year some 14 per cent up on the same period last year.

### Increase in pottery exports

By Our Own Correspondent

THE POTTERY industry, which last year just failed to reach £100m. worth of exports, looks like exceeding this by an appreciable margin in 1975. In the first two months, exports of tableware, ornaments, tiles, sanitaryware, electro-ceramics were nearly £1m. up on the corresponding period of last year.

The biggest improvement was registered by electro-ceramics makers, who doubled shipments to more than £1.6m, helping to offset declines in exports of sanitaryware and non-refractory glazed tiles.

The tableware sector achieved £4.4m. worth of exports in the first two months, an increase of more than £250,000, while earthenware sales were practically unchanged at just over £7m.

The British Ceramic Manufacturers' Federation, through its President, Mr. Roger Williams, has strongly criticised many aspects of the Select Committee report on the purchase of German china tableware for the Commons refreshment department.

Mr. Williams called the report "unsatisfactory and omitting important factors."

### Polish- Soviet trade up

By Paul Lendvai

VIENNA, April 22

SOVIET FUEL and raw material deliveries help to protect Poland from world recession and inflation and economic results fully confirm the advantages of specialisation and co-operation between the branches of Polish and Soviet industries. This is claimed by Polish Vice-Premier Kazimierz Oszewski in an article published in the latest issue of Nowe Drogi, the theoretical monthly.

The development of economic integration is reflected in the rising share of machines, equipment and complete industrial plants in bilateral trade. Their share rose from 33.8 per cent in 1971-75 to 61 per cent in 1975. Polish exports during the current five year plan, while the comparative figures for Soviet shipments to Poland also show a rise from 36 per cent to 51 per cent during the same period.

Mr. Oszewski reveals that during the 1971-75 period Polish-Soviet trade at constant prices reached roubles 16bn., a 25 per cent rise over the provisions of the trade agreement and an 80 per cent increase on turnover during the previous five year period.

### Brazil shoe Euro

By David V

RIO DE JANEIRO

BRAZILIAN shoe makers are following the lead of the U.S. market in demanding a reduction in import duties in compensation for

Shoemaker Brazil, who sent four to the U.S. measures, their U.S. few years, major U.S. shoe makers are already in a

However, against the shoe trade, the U.S. shoe trade has been a long time in becoming a

For British shoe makers, the highly competitive market in the U.S. is a major problem. The U.S. shoe trade has been a long time in becoming a

# BOWATER '75

"...strength...  
through world-wide spread of operations..."

Lord Eroll of Hale

The strength of Bowaters through its world-wide spread of operations, assets and management expertise, which I emphasised last year, stood us in good stead in the difficult conditions of 1975. Profits from our activities in North America were more than maintained while the recession in trade in many countries resulted overall in lower profits. Moreover, the prevailing strength of the United States dollar relative to the pound gave the North American earnings added value when converted into sterling.

**Liquidity and Borrowings** Husbanding of liquid resources remains a priority task, even over profit growth. I am pleased to report that after meeting some £40 million of capital expenditure in 1975 this did not result in a material increase in our dependence on outside financing despite a further period of rapid inflation. During 1975 we took the opportunity of raising some £22 million by way of a rights issue to help to fund our investment programme in the United Kingdom and our projected working capital needs, to reduce indebtedness and to increase the equity base of the Organisation as a whole.

**Our Strategy** In the changing world of 1975 we reappraised our objectives and initiated moves to implement the decisions we then made. We are concentrating our business over the five areas mentioned briefly below where our strategy is to be in manufacturing industries based upon the conversion of forest products, in international trading and in transportation, together with such other activities which, both managerially and geographically, fit in with this pattern. It is in these interests that we shall seek to expand in the medium and longer term.

**United Kingdom Industrial** After the improvement in profitability in the previous year, our paper company in this country suffered from the general economic downturn and operated substantially below capacity. Although the company retained its market share, it was not possible to adjust selling prices to recover fully the cost increases which were sustained.

The de-stocking on the part of our packaging customers continued to affect our Packaging group, although there were clear indications that this process was completed during the last quarter of the year. However, record sales and profits were achieved by the Furniture group, which experienced buoyant market conditions in 1975. Our order books were full and have continued to be so in the opening months of the current year.

The depressed conditions in the building industry continued throughout 1975 and our Building Products group again operated at an overall loss. Although the recent governmental control of local authorities' spending militates against any early improvement the steps which we have taken to rationalise our production have prepared us to take advantage of greater activity in private enterprise housebuilding which surely must soon occur.

**International Trading** It was another mixed year for commodity trading. Extremely dull conditions in the metals, rubber and hard fibres markets made it difficult to generate sufficient business to cover related operating expenses. However, there was another excellent year of trading in raw cotton.

Many of the Bowater manufacturing companies increasingly have been looking towards new markets overseas for their products. It was therefore decided to make fuller use of the skills and contacts of our international trading organisation to develop exports on a wider scale. The first step has been the formation of Bowater Arabia Limited to develop Bowater sales throughout the Arab Middle East.

**North America** Once again, by far the greater part of our total earnings for the year was derived from North America, where our largest pulp and paper operations are concentrated. In terms of sterling, our total pre-tax profit in that continent was some 28 per cent above that for 1974 and the proportion which these earnings represent of the total for the whole Organisation is markedly up.

**Europe** In 1975 we had to face difficult structural and operating problems throughout Europe. Major proposals were formulated in 1975 for dealing with this situation and following completion of these steps, I believe that your Corporation will be in a position to develop its continental European interests on a logical basis.

**Australia, New Zealand and Far East** In Australia, the Escor group of companies, in which we have a 46 per cent interest, returned to profitable trading in the second six months and also improved its liquidity. The total cost of central borrowings continued to offset the individually good results of the operating companies in the Far East.

**Partnership Interests** Bowater-Scott Corporation Limited, United Kingdom, despite substantially increased output and turnover recorded lower profit than in 1974, although there was an improvement in the latter part of the year. Bowater-Scott Australia Limited had an exceptionally good year, despite difficult trading conditions, and achieved increased sales and earnings.

**The Future** The year 1976, in particular the early months, will still pose problems for us but there are now real indications of improving economic conditions in most areas of the world. These conditions can be expected to result in an increasing demand for our products and the opportunity to improve operating margins.

**Newspaper consumption** in the United States is forecast to be some five per cent higher than for 1975. There are now also indications of improving demand for some of our paper and packaging products in the United Kingdom, our furniture businesses continue to experience a period of sustained demand and the outlook for our commodity and other trading activities is encouraging.

Eroll of Hale, Chairman  
2nd April 1976

	1975 £m	1974 £m
<b>SALES</b>	1,107.3	1,194.3
<b>PROFIT BEFORE TAX</b>		
Paper and pulp	47.4	53.3
Packaging	5.2	7.3
Building products, lumber, furniture, carpets	(3.1)	(1.4)
Tissue products	6.1	6.5
International trading and transportation	2.1	3.7
Retailing and wholesaling	1.2	0.4
Financial	(0.9)	(6.8)
	58.0	63.0
Less: unallocated interest and central costs	6.3	7.1
<b>CONSOLIDATED PROFIT</b>	51.7	55.9
Share of profit of associated companies	1.2	3.6
<b>PROFIT BEFORE TAXATION</b>	52.9	59.5
<b>PROFIT BEFORE EXTRAORDINARY ITEMS*</b>	17.7	22.5
Earnings per ordinary share*	15.3p	21.0p

\* Profit before extraordinary items and earnings per share have been calculated before charging uncovered corporation tax of £2.8m (£0.4p per share).



The Annual Report has already been posted to shareholders. Copies are available from The Secretary,  
**The Bowater Corporation Limited**  
Bowater House, Knightsbridge, London SW1X 7LR

U.K. car sales to the booming UAE market have been disappointing. Kathleen Bishtawi reports on some aspects of this failure.

### Dreams turn to

THE CAR BUSINESS in the United Arab Emirates is a dealer's dream. The booming UAE has produced a seemingly unquenchable thirst for sophisticated consumer goods, and nowhere is it more apparent than in the demand for cars and trucks. UAE nationals and residents are buying anything from small family saloons, pick-ups, trailers and jeeps to 12-ton trucks.

What then are the chances for British Leyland of creaming its share for British industry now that it has been taken off the Arab boycott listing? As one dealer in Dubai put it, they have been absent too long, and during their six-year boycott, the Japanese have been cashing in like mad.

In Dubai, 60 per cent of all the cars sold are Datsuns, and with Mazda, Toyota, Honda and so on, the Japanese now claim 70 per cent of all car sales in the Emirates. In Abu Dhabi it is virtually the same picture, though the Arab's traditional love affair with Mercedes still continues amongst the citizens of the richest Emirate in the UAE.

In the Datsun and Mazda showrooms, customers queue (literally) to buy brand new cars. The Datsun general manager, Mr. Kenneth Dowling, comments: "It's like a pantomime, this business. In 1969, we sold 240 cars, last year it was 5,500, and this year it is expected to be more than 7,000—that's more than 50 a day. Our only problem is the actual selling—we can't get the customers to stay in the showroom long enough to pick up the receipt. They come in and throw their money down, and want to drive away with a new car immediately. Some of them don't even do that—they just phone and order a car and then send their servant to pick it up."

### Hire purchase

Such dream sales are made to the rich Arab merchants of the Emirates, but the cars that are selling like hot cakes are small family saloons. More than half of the cars sold in Dubai are on hire purchase, mainly through the Middle East Finance Company, a

subsidiary of the British Bank of the Middle East. This credit facility has created a tremendous demand from the Emirates' growing middle class, from the foreign Arab employees working in Government departments and local businesses.

The secret of the Japanese success, and indeed a golden rule for all car sales in the Gulf, is that the manufacturers keep their dealers well stocked with spare parts. Heat and humidity and reckless driving necessitate a problem on good maintenance set up, and worse in the Datsun keep a permanent spare parts stock worth more than countries, su

### Japanese gimmicks

The Japanese have also gone in for marketing gimmicks, such as giving away beach umbrellas, electric clocks and cigarette lighters with every purchase. As the Datsun agent put it, "my only problem is shipping. The demand is so great, we are buying space on ordinary cargo ships just to get the vehicles here. With the Japanese, we have no actual supply problems at all."

Round at the agent for Land Rovers and Rolls-Royce, the picture was gloomily different. The Datsun general manager, Mr. Kenneth Dowling, comments: "It's like a pantomime, this business. In 1969, we sold 240 cars, last year it was 5,500, and this year it is expected to be more than 7,000—that's more than 50 a day. Our only problem is the actual selling—we can't get the customers to stay in the showroom long enough to pick up the receipt. They come in and throw their money down, and want to drive away with a new car immediately. Some of them don't even do that—they just phone and order a car and then send their servant to pick it up."

Looking at an empty showroom the agent said he had been waiting for supplies for two months now. A solitary demonstration Rolls-Royce stood in the vacant display window. The Arab's liking for the sturdy Land Rover is attested. Range Rover was being ordered by the Japanese. "If someone came in now and asked me for a Range Rover, I would have to tell him to wait for two months. It's just as likely that he won't wait to wait, and will go around the corner to Toyota where he can get a similar thing, with air conditioning for less money."

Few of the British Leyland Land Rovers coming to the Gulf are equipped with air conditioning. The agent has to instal American made AC units in the cars at a price of Dhams 3,000 (£400) to Dhams 51,000 (£8,900). Toyota are selling a

similar model for on (24,600). "I demand from the Emirates' growing middle class, from the foreign Arab employees working in Government departments and local businesses."

The secret of the Japanese success, and indeed a golden rule for all car sales in the Gulf, is that the manufacturers keep their dealers well stocked with spare parts. Heat and humidity and reckless driving necessitate a problem on good maintenance set up, and worse in the Datsun keep a permanent spare parts stock worth more than countries, su

### Running

Overheating is a problem. UAE estimate here is about only if it is a Car salesman convincing them to run in the first get the them regular the hat dealer said.

But until a general ups: the UAE coast will come to of years or s ese car deal British Leyla it altogether.

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**AUTHOR BY N.Y.**

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UAE car sales to the booming UAE market have been disappointing. Kathleen Bishtawi reports on some aspects of this failure.



# AMERICAN NEWS

## 'President's plastic prose'

OWN CORRESPONDENT

WASHINGTON, April 22.

Dr. Kissinger has the election and foreign policy. His replies have been unexceptional until the question was posed as to whether there was any divergence of opinion between himself and the President over the normalisation of relations with Cuba in the light of Mr. Ford's recent campaign statement that Fidel Castro was "an international outlaw".

Dr. Kissinger answered: "The range of employing campaign rhetoric, as I do, or maybe I have a more complicated way." He added, of course, that Cuba had been misbehaving

## Kissinger cautious about results of African tour

MARTIN, U.S. EDITOR

WASHINGTON, April 22.

Dr. Kissinger, the results from his tour of African nations, a conference here that he was going to his first visit of State, with "an end" with the intention of discussing with the integrated African problems should be solved by the African nations themselves.

He admitted that the U.S. had no intention of making a commitment to the U.S. to buy Rhodesian chrome in spite of the continued existence of sanctions. The Government here accepts that such a repeal would be one of the best demonstrations of the American willingness to pursue impartial policies in Africa.

## Ford adjusts his policy on the Panama Canal

OWN CORRESPONDENT WASHINGTON, April 22.

FORD has now the fold of official policy over the re-declared in Dallas two weeks after allowing the U.S. will never give up its defence rights to the Panama Canal and will never give up its operational rights as far as Panama is concerned.

His interview with the Texas newspapers, however, showed him wearing his Presidential hat again. He recalled the 1964 Panama riots, stressed the prevalent South American belief that the U.S. and Panama should negotiate and argued that, of course, American defence and strategic interests would be prejudicial to Mr. Reagan's cards the Canal could guerrilla warfare and 30,000 American troops in the region to keep the

## Auto industry strike

ART FLEMING NEW YORK, April 22.

BETWEEN the striking and the representation of the four major tyre resumed this used in the auto industry and it is suggested that the threat to the nation required to invoke this controversial legislation does not exist in the tyre strike at service are actively going to "smooth" according to the situation might become more threatening.

## Lean inflation soars

O'SHAUGHNESSY

of living index in staples food items similar to by 13.5 per cent in the restrictions on staples has heightened fear imposed under the Allende-atory process was getting out of control. The junta's economic strategies have been greatly assisted by the announcement that the U.S. will be selling Chile additional quantities of wheat at reduced prices.

## Chile election bar upheld

D WHITE RIO DE JANEIRO, April 22.

IS who have had powers since 1968, is decreed for a set period of 10 years. The d from rejoining rties or standing for according to a judge- country's superior bunal. The Brazilian Democratic Movement (MDB), which precludes any instrument after anyone who has previously been banned under one of the institutional Acts.

## Explosion in Boston injures 17

BOSTON, April 22

A POWERFUL bomb exploded inside the Boston municipal court building today, injuring 17 people and causing extensive damage. Police Commissioner Robert Degrazia said that a warning that a bomb would go off in the building was telephoned to the court's switchboard this morning but the device went off before police bomb experts arrived.

Police were searching for a young man who witnesses said left a package in a second-floor corridor and fled. The blast centred on the second floor. The police commissioner said that the anonymous telephone warning was made by a woman who said that a bomb would go off somewhere in the building in 20 minutes.

Mr. Degrazia declined to give any further details about the warning. But a court official who was told of the warning by the switchboard operator said that the caller had mentioned a case involving a man accused of several murders. He would not elaborate.

According to two hospitals where victims were treated only one was serious. Most suffered cuts and bruises from flying glass and other debris, they said.

Investigators were tentatively ruling out the possibility that the bombing was racially motivated, although the case has been the scene of numerous racial disorders over the past two years.

## CUBA AND JAMAICA

# Hands across the sea

BY CANUTE JAMES, KINGSTON CORRESPONDENT

THE IMPENDING visit of Dr. Fidel Castro will inevitably have a lasting effect on political dialogue in Jamaica, coming as it will after prolonged controversy over relations with Cuba.

Although no date has yet been officially announced, there is every indication that the Cuban leader will arrive no later than August, possibly during a tour of several Caribbean basin countries.

Controversy over Jamaican-Cuban relations started not in 1972, when Jamaica, in concert with its Caribbean Community (Caricom) partners, Barbados, Guyana and Trinidad, established diplomatic relations with Cuba, but last July when Mr. Michael Manley, the Jamaican Prime Minister, paid a six-day visit to Cuba.

Mr. Manley's Government of the socialist People's National Party has been under steady attack from the right by the Jamaica Labour Party, led by Mr. Edward Seaga. The opposition claims that Mr. Manley wants to make Jamaica a Communist state, using Cuba as a model. The Government has been at pains to argue that it is not Communist, has no intention of taking Jamaica into communism, and is dealing with Cuba at the level of mutual respect for sovereignty and independence.

Technical and economic agreements with Cuba have not escaped attacks from die-hard critics on the right. Several were concluded late last year at the first meeting in Kingston of the Cuba-Jamaica joint mixed

commission which deals with all aspects of relations between both North American and Latin islands, and which itself was established during Mr. Manley's visit to Cuba.

One significant benefit to Jamaica is the technical help it is receiving from Cuba with building and maintaining "micro-dams" to help small farmers in Jamaica mitigate the increasingly destructive annual droughts. About 200 young Jamaicans are now in Cuba receiving instruction in building techniques.

Cuba is making a gift to Jamaica of a 500-place secondary school similar to a type that has become characteristic of the Cuban educational system. Cuba is providing the material, equipment and labour to build the school. Jamaicans have been offered scholarships in physical education, and Cuban doctors have been working in Jamaican hospitals, while plans are being made for experts in psychiatric care to instruct Jamaicans.

For its part, Cuba is getting an opportunity to relieve its chronic port congestion problems by using a transshipment port in Jamaica. Cuba is also to receive technical help with developing the tourist trade and training people for it. The Cubans are building and repairing about 60 hotels all over the island. That obviously will mean more competition for the Jamaican industry, which has not been at its healthiest recently, but the Jamaican and Cuban planners are supported each other in several situations, the latest being Mr.

Manley's statement that his government was firmly behind Cuban help for the MPLA forces in Angola.

The debate about Cuba here may or may not have an effect on the Jamaican electorate which must go to the polls within 10 months. What it has done has been to bring basic philosophical differences between both the PNP and the JLP into a sharper perspective.

There has yet been no indication that despite its tirades the JLP, if it wins the elections, will want to dissociate itself completely from Cuba, and from the agreements worked out between the Manley and Castro administrations. What is clear is that Mr. Manley has no intention of slowing the pace at which links are developing between the two countries.



Dr. Fidel Castro (above) and Mr. Michael Manley



# How to give your finance controller a new lease of life



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## EUROPEAN NEWS

Giscard shrugs off critics  
—'no change in policies'

BY ROBERT MAUTHNER

PARIS, April 22.

UNDETERRED by the mounting wave of public criticism of his policies and style of government, President Giscard d'Estaing today emphasised that he had no intention of modifying the liberal reform programme on which he was elected two years ago.

M. Giscard was his old relaxed and smiling self as he replied to questions from some 250 journalists at a Press conference at the Elysee Palace devoted entirely to domestic issues. In contrast to his recent TV broadcast during which he adopted an uncharacteristic, sombre pose.

Opinion polls, such as the one published by the Paris paper "Le Figaro" today, showing that public confidence in the President's ability to deal with a serious crisis had dropped another two points to 48 per cent, were treated with indifference. Giscard, though M. Giscard did not hesitate to quote other polls which showed that a majority of people supported his policy of change.

Asked how long he thought that he could continue to govern given the narrow margin of little more than one per cent, by which he was elected, the President pointed out that the governments of most other neighbouring democracies had the backing of only a minority of the electorate. He made clear that he had every intention of going on until

the end of his Presidential term in 1981, as well as stressing once again that the date of the next Parliamentary election, due in the spring of 1978, would not be brought forward. Refusing to be drawn on what he would do if the Union of the Left, the alliance between the Socialists and Communists, won that election, M. Giscard said that this was not a probable hypothesis in

Pupils and students fought with riot police in Paris again yesterday at the end of another demonstration in protest against the French Government's planned education reforms, reports Reuter.

In spite of the Left's recent successes in local elections, a great deal of water would flow under the bridges of the Seine during the next two years which could entirely change the political picture.

In this context, M. Giscard was highly critical of the refusal of the left-wing parties to take up his offer of regular consultations between the Government and the opposition. Their attitude was deplorable and was one of the main causes of the constant atmosphere of political tension in France. Of all the democratic countries, France was the only one in which such a dialogue did not exist.

The President had some hard words for the Communist Party

in particular. Its recent attempts to give itself a more liberal image were no more than electoral tactics. As important a Marxist concept as the dictatorship of the proletariat was dropped in a few days merely because the Communists thought that this would enable them to gain power more easily.

Turning to the country's most acute current problem, that of university reform, opposition to which has taken the form of violent street demonstrations by students, M. Giscard said there was no danger whatsoever of a repetition of the revolutionary situation of May, 1968. At that time, student discontent was universal, while today it affected only a small proportion of the student body. In addition a substantial percentage of university teachers, though admittedly not the majority, were in favour of the reforms, which are aimed at making university studies more job-oriented.

After stressing that the Government had no intention of modifying its university reform plan, the President went out of his way to reject criticism that it would lead to a lowering of academic standards or undue influence by the Patronal, the French Employers' Federation, over the curricula of universities. The universities themselves would retain control over the implementation of the reforms, he said.

## Cuban embassy in Portugal bombed—2 dead

BY PAUL ELLMAN

TWO PEOPLE died when a powerful bomb shattered the Cuban embassy in central Lisbon today.

The bomb, believed to have been left in an attack case, exploded without warning, reducing the inside of the embassy, located on the sixth floor of a ten-storey building, to a tangle of shattered furniture and shredded curtains. The force of the explosion sent the heavy steel shutters on the embassy windows flying across the six-lane avenue below and

caused extensive damage to adjoining floors. The dead included a Cuban embassy employee, who has not yet been identified, and a woman who died in hospital two hours after the blast. Four other people were injured by the explosion.

A strong force of heavily-armed riot police threw a security cordon around the building, turning back a crowd which formed soon after the blast. A youth who leapt onto a fire engine and tried to start up a chant of "death to fascism" was hustled away.

Police declined to speculate on the identity of the authors of the attack but it was widely assumed here that it had been the work of Angolan refugees trying to draw attention to the increasingly desperate plight of those who fled to Portugal from the civil war in the former African colonies.

The refugees' resentment at the Cubans has been heightened by the key role played by 10,000 troops in securing victory for the Soviet-backed MPLA forces in Angola's civil war.

The attack coincided with a

stark warning that Portugal could have a million refugees from Africa on its hands by the end of June, and came in the wake of a fresh pledge by the military leadership that it will stamp out violence which has threatened the country's election campaign.

In a statement issued early today, the Revolutionary Council of the Armed Forces confirmed that troops have been put on a state of alert to ensure that the campaign, which will end with legislative elections this Sunday, will close peacefully.

## Sunday's poll: now the next round

BY PAUL ELLMAN IN LISBON



Dr. Mario Soares, secretary-general of the Portuguese Socialist Party, campaigns north of Lisbon in a rainstorm.

PORTUGAL'S first free Parliamentary election campaign in half a century limps towards an inconclusive finish and fractious politicians have already begun limbering up for a new, and potentially grave, political crisis.

The campaign's closing stages have been dominated by the realisation that Sunday's nationwide poll for the 263 legislative assembly seats is unlikely to produce a clear-cut verdict from the electorate. The key to the political situation will therefore almost certainly lie with the presidential elections which the Constitution stipulates must be held no less than 60 and not more than 71 days after the ballot on Sunday.

The Constitution, which legally takes effect this Sunday as well, stipulates that the Sixth Government shall remain in office until after the presidential election, since it will be the task of the next head of state to select a cabinet from those voted into the assembly. This provision was in fact inserted at the insistence of Sr. Sa Carneiro, leader of the Popular Democratic Party (PPD) as the price for supporting the

and to the Salazarist dictatorship, and Admiral Pinheiro de Azevedo has been driven to warn that he will resign if the parties try to push ahead with their plan. That would inevitably drag the military into the fray in their role as guarantors of the constitution.

Such a willingness to tinker with the Constitution which the parties, with the sole exception of the CDS, approved in the constituent assembly less than a month ago augurs ill for future stability. It is, perhaps, the inevitable outcome of the constitution itself having become one of the major issues of the election campaign.

The other issues have been the economy, agrarian reform, and the effects of decolonisation, all of them issues enabling the parties to lay the blame on their

opponents. They have done so with relish, producing rumblings of discontent from some sections of the military leadership with the "negativism" of the campaign.

The Socialists now believe, and their view is supported in some diplomatic circles with access to private poll data, that they may once again emerge as the biggest single party in the country this week-end, albeit by a smaller margin than last year.

The mood of, admittedly muted, optimism, is sustained by signs that the PPD campaign, which got off to a fast start, may be running out of steam. This is partly due to a sheer lack of funds and people, compared with its competitors, but must also be attributed to Sr. S. A. Carneiro's failure to put himself across to the country as a man

with clear policies. None of the others has been exactly consistent throughout the campaign, but Sr. Ca Carneiro's problem is to a great extent that the position he occupies on the political spectrum forces him to face in more directions at the same time than the others. Moreover, the PPD has never managed to establish anything remotely resembling the Socialist hold on the Press.

As far as can be ascertained, the support lost by the PPD has gone overwhelmingly towards the CDS. Prof. Freitas do Amaral has visibly grown in political stature throughout the campaign and is widely expected to take his party into third position ahead of the Communists on Sunday and come close to the PPD. In one sense, the CDS leader has had a relatively easy time of it, being able to avoid the most heinous of the three whom he refers to as "indiscretions" — the "Government parties" — have made of the country. His other trump card, especially over the PPD which is fighting for the same broadly right-wing constituency, is that he is the only one who never proclaims his attachment to a socialism.

A year ago, the parties polled as follows: Socialists 37.9 per cent; PPD 26.4 per cent; Communists 12.5 per cent; and CDS 7.8 per cent. Since then life has become much more difficult and even more expensive for the average Portuguese. Since then, too, a Constitution has been produced which allows for a strong president, although he will still have to enjoy the support of the military if he is to rule effectively.

## Ingmar Bergman goes to tax court

By William D. STOCKHOLM

FILM DIRECTOR Ingmar Bergman, 58, has Sweden to court after threats of a Swedish tax a closing down and studio, by assets in Sweden disposal of the

In a copy of afternoon paper, Mr. Bergman no longer an security he no work. He had social democr shocked into humiliation. It been subject realisation th at any time debased by bureaucracy + galloping can

On January Mr. Bergman from the Dr. Stockholm, a hearing a p was withdrawn bidden to lea suffered a n and five days with tax fra with a comp lished in S with centr

Last month minor appoint the matter was no crime and that the dropped. In today Mr. B. official, at have since t with him. He would refrain his Swedish film on a sum of repatriated f any. The would not ec

Mr. Bergman have flown afternoon. that he has money matte entirely to duce which allows for a strong president, although he will still have to enjoy the support of the military if he is to rule effectively.

## Italy poised for early elections

BY DOMINICK J. COYLE

ROME, April 22.

WHILE Sig. Zaccagnini, the Christian Democratic party secretary, continued this evening with his last-minute consultations with all the other democratic parties in an effort to prevent the collapse of the present minority Government, the signs

to-night pointed increasingly to an early dissolution of Parliament and new elections. The Socialists, Italy's third largest party, with whom Sig. Zaccagnini had consultations last night, indicated today that early elections were now "preferable

and the central committee of the Communist Party (PCI) is to meet here to-morrow morning to decide finally its attitude.

Sig. Zaccagnini met today with his Communist party opposite number, Sig. Enrico Berlinguer, but as traditional with the Communists, Sig. Berlinguer was not prepared to make a definitive statement until his directorate had had an opportunity of considering the latest Christian Democratic offer.

Sig. Zaccagnini, representing the Left-wing of Prime Minister Aldo Moro's administration, would like it possible to avoid early elections, mainly because he fears a major reversal at the polls for the long-ruling Christian Democrats.

The party's electoral prospects cannot have been improved by the latest disclosures here today concerning alleged Lockheed payments based on documents sent on request to Rome by the Ford Administration and arising from evidence collected by the U.S. Department of Justice.

It is claimed that these payments involved directly an Italian Prime Minister sometime between 1965 and 1971. The Italian Press has, accordingly, concluded that one of three men must have been involved: Sig. Giovanni Leone, now the Italian President; Sig. Aldo Moro, the current Prime Minister; or the present Foreign Minister, Sig. Mariano Rumor.

Sig. Zaccagnini was tonight concluding his bid to win all-party support for an emergency economic programme and for compromise proposals to avoid a contentious national referendum and changes in the present restrictive abortion law. No precise details of the Christian Democratic proposals have been released, however.

The mood in Italian political circles tonight is that this coming week-end is likely to decide finally the fate of the present Government, and the odds remain on elections taking place here one full year ahead of schedule.

## Refugees from African colonies may reach 1m.

BY OUR OWN CORRESPONDENT

LISBON, April 22.

A DRAMATIC warning that Portugal could have 1m. refugees from its former African colonies to house and feed this summer has cast a fresh cloud over the election campaign.

The size of the problem was inadvertently leaked by the Under-Secretary for Housing, Sr. Carlos Ferro Gomes, who declared that the earlier official figure giving the number of refugees from Angola and Mozambique had long since been overtaken and was now beyond the 800,000 mark. When the school year ends in Mozambique this June, a new exodus is likely to take place, he said.

Sr. Ferro Gomes added that a fresh shock wave of bitterness through the refugee community in Portugal whose votes could be crucial to the outcome of the election this Sunday. The "retornados" have organised their own political movement, the Independent Social Centre (CSI). Although the CSI is not contesting any seats in the legislative

assembly it is expected to indicate to the 120,000 refugees who have registered to vote that they should fall behind the two parties which have consistently attacked the de-colonialisation programme, the Popular Democrats (PPD) and the Centre Democrats (CDS).

The influx of refugees has thrown sharply into reverse Portugal's historical capacity to overcome a great part of its chronic unemployment by exporting it. Between 1960 and 1972, Portugal's population fell by 3 per cent due to emigration. Since 1974, emigration to the traditional industrial markets for Portuguese labour—Brazil, France and West Germany—came to a halt under the impact of world recession. At the same time, the increasing hostility of the Mozambique and Angolan Portuguese settlers and the civil war in Angola added to the pressure on Portugal's resources, with the result that last year alone the population grew by 2 per cent.

## Azevedo confirms candidacy

By Our Own Correspondent

LISBON, April 22.

THE PORTUGUESE Prime Minister, Admiral Pinheiro de Azevedo, has confirmed that he plans to run for the Presidency. In an interview, Admiral Pinheiro de Azevedo, split out the requirements that he felt the next head of state—due to be elected around mid-summer—should meet.

These included, the Admiral said, that he should be a military man and that he should also be a democrat. He added: "If the country agrees that this profile corresponds to the man necessary to meet Portugal's needs, I shall not flee from serving it, fulfilling in this my duty."

Admiral Pinheiro de Azevedo also confirmed that he would resign as Head of the Sixth Provisional Government if any attempt is made to remodel it in the light of Sunday's election result.

## RESOURCES BANK PLAN DISCLOSED

## U.S. oil price campaign at north-south talks

BY REGINALD DALE

PARIS, April 22.

THE U.S. has stepped up the bargaining in the north-south "dialogue" here by submitting a detailed paper arguing that the current level of oil prices is too high. But Washington does not seem to be in any hurry to negotiate a price deal with the oil producers in the Paris talks.

The aim rather is simply to try to convince producers, by a rational presentation of facts, that high oil prices are not in anybody's interests. Washington now seems to have accepted that oil prices will in any case be dictated by political and economic factors that are not "negotiable".

The Americans are treating the oil price issue here quite separately from the rest of the "dialogue," which covers development and financial aid issues that

will surface at the Unctad meeting in Nairobi next month. It is accepted that the oil producers could become more militant if the Nairobi conference ends in disagreement, but the Americans, who probably hold the lead to the success or failure of the conference, are not trying to do a deal.

Rather, it seems likely that Dr. Henry Kissinger, the U.S. Secretary of State, will try to steal the initiative in Nairobi by proposing a new way of financing the exploitation of commodities by developing countries. The State Department has leaked plans for a new International Resources Bank, which Dr. Kissinger is expected to put forward in Nairobi, provided the U.S. Treasury can be persuaded to give its approval.

The bank, according to reports from Washington, would raise up to \$10bn. by selling bonds on the private market and investing the money in developing countries, primarily to develop ores and non-ferrous metals. The developed countries and the oil producers would share the cost of the initial \$1bn. capitalisation of the bank, one aim of which would clearly be to secure supplies of raw materials for the future.

Meanwhile, in its paper submitted here yesterday, the U.S. delegation argues that the "economically efficient" price of oil is less than the current price. The main point is that current price levels are leading to a major mis-allocation of capital by draining investment away from other projects.

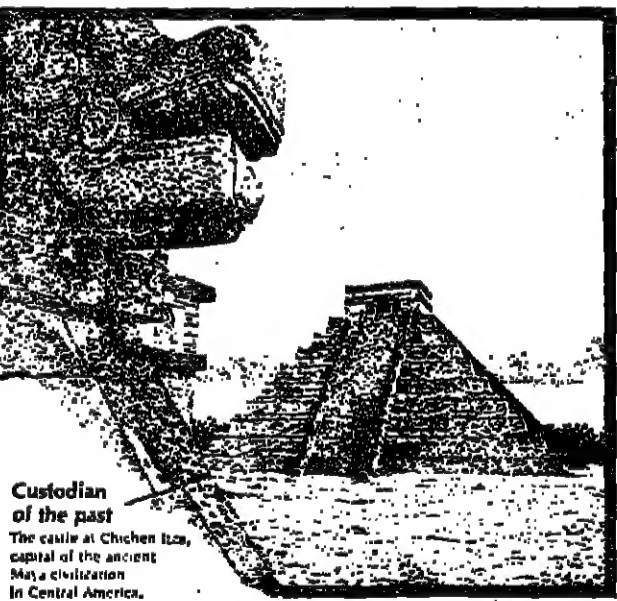
The estimate is that "mis-allocated investment" in the U.S. could range as high as \$200bn. between now and 1985, involving an extra annual outlay of up to \$20bn. which would have to be diverted from other pressing needs. In the developing countries, high oil prices are leading to a diversion of scarce capital away from socio-economic priorities to intensified indigenous energy development, the U.S. argues. Global growth is being reduced.

Nevertheless, the U.S. admits that the transition period before fossil fuels are replaced by other energy sources is likely to be lengthy. At current consumption rates, proven oil reserves would be exhausted in about 40 years, but this could be extended to 80 years if all resources could be recovered at economic prices.

The U.S. has also warned the other countries here that foreign assistance programmes are likely to be among the first to be affected by the redistribution of capital caused by "excessive" oil prices. Other priorities, both domestic and foreign, must suffer when more investment than necessary is diverted into energy, the American says.

Submission of the U.S. paper should accelerate the crabwise progress of the "dialogue" towards a real discussion of future oil price levels—the unspoken issue that has yet to be formally raised here. In return, the U.S. appears to be moving at least closer to a consideration of the indexation of oil prices, with its acceptance at this session of the talks that it is legitimate to discuss desirability of the purchasing power of receipts from oil exports.

## To Future Generations, Security



Custodian of the past  
The castle at Chichen Itza, capital of the ancient Mayan civilization in Central America.

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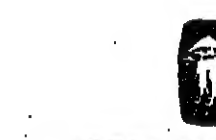
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## OVERSEAS NEWS

# O leader predicts U.S. acceptance Syrian intervention in Lebanon

AEL TINGAY

ER of the Syrian-ent Suleiman Franjeh were troops from the Palestine Liberation Army continued to insert themselves between the opposing sides in Beirut, Washington Independent.

Lebanese left-wingers renewed their calls for the immediate election of a new president. Ahdab radio said again today that if no solution was found by May 2, when the Lebanese Parliament ends its session, the Nationalist movement would establish a Revolutionary government in areas under its control and lead the battle for liberating other areas, writes Michael Tingay.

Meanwhile Reuter reported that at least 15 people were killed and scores wounded today in a Moslem enclave east of Beirut during an exchange of heavy artillery with a predominantly Christian district nearby, according to official sources.

The violent exchanges came as right-wingers, faced with the prospect of joint Syrian-Palestinian efforts to restore peace, raised the possibility of France taking part in a new security system for Lebanon.

visions in the Damascus Accord. Right-wing leaders awaited today the return of the two envoys, Dr. Lucien Dahda and Sheikh Selim el-Khoury. They left Damascus at mid-day after a meeting with President Assad.

General Najib Jamil, Syria's Deputy Minister of Defence, and Gen. Hikmat Shehab, Chief of Staff of the Syrian Army.

While travellers from Damascus and progressive Syrians after troops crossed the Maronite Pres-

ing, said today that the Lebanese civil war could involve the big powers if the fighting spread beyond the country's borders, Reuter reported from Washington. He told a Press conference that there was no immediate threat of Soviet involvement in Lebanon, but said there could be if the conflict widened.

While the role of Syrian and Saudi forces has changed—the P.L.A. forces ordered in by the joint Palestinian, Syrian and Lebanese higher military committee handling the latest cease-fire are under the control of Mr. Mohsin—the Saudi leader accepted that his group had taken a knock in popularity.

This was natural since the Moslem groups had been led to object to the Syrian and Saudi attitude because we did not join in the last round of fighting in the mountains, he maintained.

He said that Mr. Jumblatt and the other forces who fought the March mountain battles mobilised feeling against Syria and Saudi, but he was confident popularity would return.

When the Syrian Army intervenes, he said—quickly interposing: "When and if"—every thing will change, and we will regain popular support.

BEIRUT, April 22.

Soldiers opened fire to break up a small demonstration in Addis Ababa yesterday, killing one of the protesters on the day after the Government had announced that it would permit peaceful demonstrations, Reuter reports.

Eye witnesses said that soldiers arrived on the scene after the 200 demonstrators marched in orderly fashion to a city square. The troops fired seven shots, the eye witness said. Most of the shots were fired in the air, but then the soldiers waded into the protesters with their rifle butts and heavy sticks. About 50 people were taken away in trucks, while the bloodstained body of the man who died was put in an ambulance.

The clash occurred on the day after Ethiopia's military rulers issued a political programme which included the right of peaceful demonstration for groups which were "anti-feudal, anti-bureaucratic capitalist and anti-imperialist."

**Egypt and China sign parts accord**

Egypt and China have signed a military protocol in Peking under the terms of which China will supply Egypt with spare parts for its Russian built Mig fighters, a Special Correspondent reports.

Following the abrogation of its Treaty of Friendship with the Soviet Union in the middle of last month, Egypt finds itself in the same position as China in the early Sixties after the total withdrawal of the Russians from the People's Republic. China has now developed its own capability for re-equipping its Mig fighters and is only too anxious to fill the gap left in Egypt by the Russians (Sydney Morning Herald).

Meanwhile, UPI reports from Hong Kong, the New China News Agency said that the Soviet Union had treated Egypt in a "shameful way."

**Zionism condemned**

Arab and African Foreign Ministers meeting in Dakar to prepare for the first Arab-African summit have adopted a draft declaration condemning colonialism, Zionism and apartheid, Reuter reports. The text was adopted despite the reservations of the Ivory Coast delegation, which had objected to the word "Zionism."

**Pilots 'trained'**

Scout pilots have been training in Iran to fly U.S.-built Phantom jets, according to the Israeli air force journal, UPI reports from Tel Aviv. The journal said this tended to highlight Egyptian interest in acquiring the aircraft.

## Protester shot dead in Addis



Indira Gandhi

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## INDIA'S FOREIGN POLICY

## A search for more friends

BY KEVIN RAFFERTY, ASIA CORRESPONDENT

THE first time that the summit had been held in Asia, Delhi had high hopes of being a star performer at the meeting. Ironically before Egypt asserted its independence from Moscow New Delhi was known to have been active in trying to modify the membership of the non-aligned conference in the interests of a purer definition of a non-aligned country.

### Precaution

New Delhi took the precaution of clearing the rapprochement with Peking with the Kremlin first. For its part, China is probably happy with anything that relaxes the Soviet grip on its southern borders, and may allow it to regroup its troops. Diplomatic honour is satisfied by the fact that New Delhi made the first approach. Although it withdrew its ambassador from Peking in July 1961, before the Sino-Indian war and a year before Peking reciprocated, New Delhi had previously been arguing that the two countries should simultaneously agree to lift relations back to the ambassador level.

However, apart from confirming that they will send an ambassador to Delhi after Mr. Narayanan has arrived in Peking, the Chinese have studiously avoided any substantive comment. In spite of having close political and economic ties with Moscow, New Delhi has also been trying to foster links at least of a business nature with the West. India still shows a prickly resentment against Press and political criticisms about the curbing of democracy, but that has not stopped it from attracting foreign business delegations to India. The moving spirit probably is Mr. Sanjay Gandhi, the Prime Minister's son whom many Indian specialists regard as the heir apparent. Mr. Gandhi is well known for his distrust of big State bureaucratic industry.

Last week India announced that foreign companies would be allowed to retain a majority holding in Indian affiliates provided certain conditions were met. Under the Foreign Exchange Regulation Act foreign companies in India have been

supposed to dilute the foreign equity holding to 40 per cent. The concession was clearly a response to visits this year by British, American, and West German delegations. In February the Indo-U.S. Business Council viewed with optimism the emerging attitude in India to support business enterprise. Then last month the leader of a West German business delegation, Herr Otto Wolf von Amerongen, told a press conference that he was happy that German reservations had been removed and that he would tell friends at home that there was now a "favourable climate" in India for investment.

The puzzling aspect of this picture of India seeking friends everywhere is what is happening with Bangladesh. One's immediate reaction might be to dismiss Bangladesh as a trivial or unimportant. But Bangladesh may well be the key. As the poorest State on the sub-continent and as an area of potentially great instability, it is seen in Delhi as being of vital importance.

### Skirmishes

Oddly, the first reports of clashes on the border and of protests came from New Delhi. Late last year and early this year, Dacca was protesting and Delhi denying that anything was going on. Reports from both sides this week have spoken not just of light border skirmishes, but of exchanges of mortar shells.

Bangladesh has been known to be worried about the activities of border rebels, who, it claims, have been supported and trained by India. No one who knows the command structure in Bangladesh, the tiny armed forces less than one-twelfth of the size of India's, and the fragile coalition of interests headed by General Ziaur Rahman, could imagine that it would be in the interests of General Zia to provoke a collision with India. He would risk a chaotic civil war, with pro-Pakistan, pro-Muslim, old freedom fighters, pro-Indian and secular Bangladesh forces all pitching in. India might then feel constrained to step in and keep the peace.

## pledge on aid forambique

Bism

Prepared to contribute £500,000 towards the cost of a Technical Fund for Mozambique set up under the auspices of the Commonwealth Fund for Development.

While differing views have been expressed of the Prime Minister's plan, believed to include giving Ministerial rank to two or three Africans (two tribal chiefs and possibly one businessman), Mr. Divaris said that there was no sign of any party split. The caucus regards the idea of bringing Africans into government as a radical change but we know that changes of this kind have to come, he said.

The plan would not involve any change to the existing 1969

## Smith plan for power-sharing

BY TONY HAWKINS

RHODESIAN Prime Minister, Mr. Ian Smith, today briefed his 50-man Parliamentary caucus on his plans for "power sharing" which are to be announced in the next ten days. The Rhodesian Front Chief Whip Mr. Dennis Divaris said tonight that there had been "some frank discussion" and that Mr. Smith had been closely questioned.

While differing views have been expressed of the Prime Minister's plan, believed to include giving Ministerial rank to two or three Africans (two tribal chiefs and possibly one businessman), Mr. Divaris said that there was no sign of any party split. The caucus regards the idea of bringing Africans into government as a radical change but we know that changes of this kind have to come, he said.

The plan would not involve any change to the existing 1969

constitution, said Mr. Divaris. This implies that Mr. Smith will use the senate as his vehicle for bringing African into Government without either Ministerial or deputy-Ministerial rank. (There were two African deputy Ministers in the Welensky federal Government more than ten years ago during the Federation of Rhodesia and Nyasaland which was dissolved in 1963). Mr. Smith can either appoint new Senators (there are vacancies at present) or appoint a Senator chief to a Ministerial post so that there is no need for any elections. Mr. Smith's plan is also expected to include some moves to reduce racial discrimination.

There have been reports that the announcement—originally timed for last week—had been held up by opposition both within the ruling Front caucus and the cabinet. From the Chief Whip's statement it is apparent that some members of the caucus do have reservations (the RF has no black members so far as it is known) but seemingly these are not sufficiently widely held for them to want to challenge the Prime Minister.

Our Lusaka Correspondent adds: The African National Council, led by Bishop Muzorewa, has appealed for medicines and arms for the training of its cadres in the liberation struggle being waged in Rhodesia.

Meanwhile three members of the former Zimbabwe African National Union (ZANU) appeared here in court on charges of murdering a former official of the party, Mr. Herbert Chitepo. They are Joseph Tongogara, Chief of Defence, Joseph Chikurenga provincial field commander, and Chitepo's personal bodyguard, Sadat Kufa. One member of the ZANU executive, Cleopatra Chigwe, has already been sentenced to death for murdering another nationalist fighter, Edgar Chidekorozwa.

SALISBURY, April 22.

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## THE FALLING POUND AND LIFE IN BRITAIN...

## Foreign travel hit but more visitors

BY ARTHUR SANDLES

THE RAPIDLY falling value of sterling shows every likelihood of bringing foreign holiday bookings to a standstill. While foreigners continue to invade Britain in ever increasing numbers, bookings by people in Britain have dwindled to a trickle.

Most tour operators and airlines are putting a brave face on the situation—Thomson Holidays would say only that things were "sluggish"—but retail surveys indicate that for some lesser known names the position is little short of disastrous.

A 20 per cent. fall in the size of the market this year is not being evenly distributed—Thomson, British Airways and Horizon Midlands, for example, are not likely to see any fall at all.

While things are bad for outgoing tourists the reverse is true for incoming traffic. It is early in the year to make firm predictions, but it is possible that the U.K. could have a net revenue of £250m. in hard currency from tourism.

## Protected

Hotellers are having a much better time than many of them would have predicted a year ago. "Things are really going right," says Trust Houses Forte.

This is not the case for Britain's going abroad. Hardest hit will be independent travellers who have to bear the full brunt of their holiday costs directly.

Most package tour customers are protected to some extent by guarantees. These usually fix the price of a holiday two months before departure and give the customers the opportunity of cancellation if surcharges are more than 10 per cent. of the total account.

At the moment there seems little prospect of this level being reached immediately in the most popular holiday areas. In broad

terms there is a currency surcharge of around 2.5 per cent. on tours to Spain, plus 1 per cent. to cover higher flying costs (these surcharges are often flat than on departure).

Transatlantic charter fares have not yet been affected, probably because the Civil Aviation Authority this year fixed a minimum price which the airlines claimed was too high.

Jetset, one of the biggest Advance Booking Charter operators, said last night that it was not even considering a surcharge and was not aware of any other operator thinking of it. Should the situation arise, however, it was hoped that there would be agreement on overall surcharges rather than varying rates for different companies.

Tour operators can cover their normal guarantees, thanks to facilities granted by the Bank of England last year for them to buy currency forward to meet commitments.

There is some worry, however, about the special guarantees which were made last year in order to boost traffic. British Airways froze its prices for those who booked before mid-January of this year and one leading company, Castle, guaranteed that all its tours would be sold throughout the year at the brochure price.

With average surcharges around 4 per cent. on the non-guaranteed tours, and assuming a £100 package average, this means that the fixed-price operators are now £4 per passenger worse off than they might have expected. This figure is very near the average profit margin in the industry in the highly lucrative year of 1976.

Sterling exchange rates upon which most summer package tours for 1976 were priced—June, 1976:

rate and the 1 per cent. is only the norm. These surcharges are being levied at the moment on holidays which will take place in two months' time. Tour operators appear to be thinking in terms of a total 4.5-5.5 per cent. surcharge later in the summer.

What is alarming them is that although this is not high enough to allow the customer free cancellation, it may be high enough to encourage cancellation even if it means lost deposits. Deposits are usually £10 or £12.

There is serious concern that the tourists will be so alarmed by the prospect of being poor travellers that they will prefer to stay at home.

Airlines are severely hit by devaluation since a high proportion of the fuel cost is paid in dollars. Scheduled airlines how-

ever, tend to surcharge in retrospect (adjusting the pound price of a ticket considerably more than the dollar price) rather than on departure.

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## Varied reaction among U.K. companies

BY MARGARET REID

REACTIONS of British companies to the new drop in the pound, whose average depreciation over the past four years has now widened to 37.4 per cent. at the beginning of last month, varied widely according to their circumstances.

Those with foreign currency loans, unmatched by overseas assets, faced the prospect of an increasing cost, in sterling terms, of servicing and ultimately repaying these borrowings, without the comfort of knowing that the values of the corresponding business abroad were gaining value in step.

Many major companies which have borrowed substantially abroad to finance overseas interests which cover, or more than cover, the borrowings in value, are unconcerned about the pound's fall as such. Their belief in many cases is that the growing worth of their overseas business has made the foreign borrowing abundantly worthwhile.

Imperial Chemical Industries, whose foreign currency borrowings accounted at the end of 1975 for £481m. out of £510m. of loan capital, has not used foreign currency loans to finance any assets in Britain.

The group's overseas assets exceed its foreign currency borrowings and the margin has been widened by exchange rate changes last year and since.

It is believed that of the total foreign currency borrowings of J. Lyons, which has very substantial loans raised overseas, some 15 per cent. (about £25m.) is unmatched by overseas assets, having been used to finance assets in Britain.

Foreigners had lost confidence in Britain as fast as they had lost money in sterling. Britain was now in the position of a secondary bank which was collapsing as the depositors withdrew their funds.

"We cannot afford the luxury of cheap money any longer. Frankly, we have to pay, and ought to recognise that we have

to pay, people for the privilege of keeping their money here. It is all very well for the Treasury to issue statements plausibly arguing that sterling is surely now undervalued by any fundamental criterion. Fundamentals, no doubt the lira is also cheap," Mr. Lamont commented.

Unfortunately, fundamentals had nothing to do with it. Foreigners had lost confidence in Britain as fast as they had lost money in sterling. Britain was now in the position of a secondary bank which was collapsing as the depositors withdrew their funds.

## Call for interest rates rise by Tory MP

BY RICHARD EVANS, LOBBY EDITOR

AN IMMEDIATE increase in interest rates to stop a further fall in sterling was urged last night by Mr. Norman Lamont, a Conservative front bench spokesman on prices and consumer affairs.

"It is madness in the present situation of a plummeting currency to try to maintain low interest rates in this country," he said in his Kingston-upon-Thames constituency.

The most recent "ill-timed and ill-managed" cut in the Minimum Lending Rate on March 5 had helped to precipitate the fall in sterling by narrowing further the interest rate differential between Britain and the U.S.

"We cannot afford the luxury of cheap money any longer. Frankly, we have to pay, and ought to recognise that we have

A spokesman said: "The company pursues a policy of invoicing exports in foreign currencies, so that a fall in sterling helps profits."

Mr. Paddy Custis, finance director of Guest Keen and Nettlefolds, which has large exports and major businesses on the Continent of Europe, in Australia and elsewhere abroad, commented: "The declining sterling parity is beneficial in the short term. But I fear it will rebound on us all in higher import prices."

Benefit Rothmans International, the wide-ranging cigarette and tobacco group, has substantial amounts of convertible sterling-debt which, interest payments on which have some optional gearing to an earlier exchange. But the group has the advantage in present conditions, of deriving the majority of its sales and profits from overseas assets. This loan was due for repayment at the beginning of 1977.

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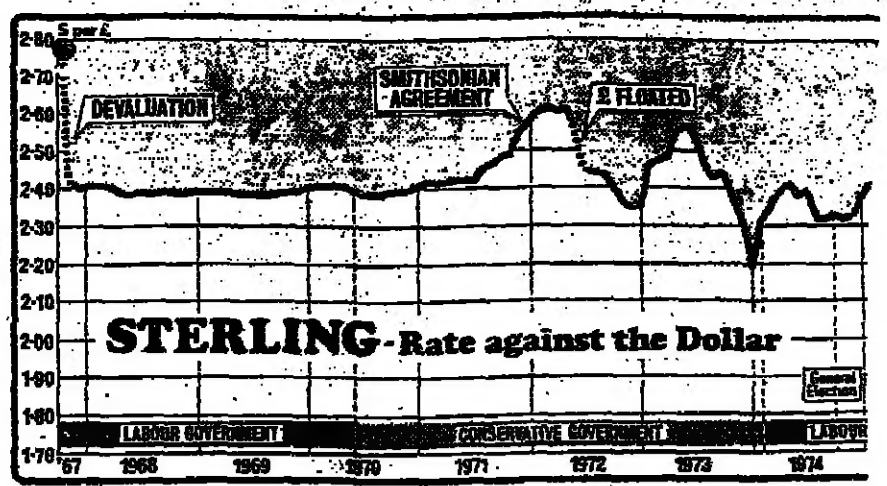
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## Tourists boost business in West End stores

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

THE SPRING influx of sterling-bargain hunters is the one bright light in London shops at the moment.

The foreign tourists, many of whom clearly regard a stop in Oxford Street as important as a glimpse of the Tower of London, are taking up the slack in sales created by the natives' increasing unwillingness to spend in the face of the general economic situation, rising travel costs and bomb scares.

In the port towns such as Dover, the tourists on their one day shopping spree are a welcome sight, sometimes bewildering—bonus.

This year, foreign tourists are expected to spend £100m. in Oxford Street alone—about one ninth of the street's total turnover. In Marks and Spencer at Marble Arch between 10 to 15 per cent. of takings are currently in foreign currencies with a further 20 per cent. coming from tourists who have already changed their money into pounds.

Next door, Selfridges expects that, by the summer, almost half its business will be coming from tourists.

Some overseas visitors, attracted by prices up to 50 per cent. cheaper than those at home, seem to be shopping with the abandon which British tourists used to display when visiting street markets in Italy.

One South American, for example, walked into Marks and Spencer and bought 2,000 night-dresses—presumably for his own business—while it is no longer exceptional for women to buy 50 pairs of briefs at a time.

At Harrods, which expects to take considerably more than its £20m. in receipts from tourists in 1976, the tourists

enthusiasm for British prices goes beyond things which can be conveniently carried away. The store has sold several three-piece suits of furniture to French customers at between £750 and £1,000 each in spite of the fact that the customers have to pay a £200 transport charge.

Retailers say it would be wrong, though, to assume that anyone who has queued outside Marks and Spencer in Oxford Street in the morning might understandably take, one tourist, have say, have to be lured in just like any other customer, though they admit they are less concerned about price rises than British customers.

All the big stores claim they are already geared to handle foreign business. Most now offer interpreter services and some, such as Harrods and Selfridges, have "foreign exchange" counters and exchange facilities.

Advertising Few refuse to take even the most outlandish foreign currencies—and one probably apocryphal story has it that the assistant in one small Kines Road shop was so keen to help a balance-of-payments that he accepted Monopoly money on the assurance that it was really Arabian pounds!

Most of the big stores are stepping up their efforts at attracting tourists. Selfridges is quadrupling its overseas advertising spending this year—newspaper space is being taken in the Netherlands, Germany and France, and like most of its competitors, it is also advertising in the 20m. of the main hotels' magazines.

Foreign borrowing totals Under two schemes since 1976 the Government has been encouraging the public sector to borrow abroad under Treasury guarantees. The system has been regarded as a useful alternative to the Government having to finance the deficit on the balance of payments by direct State borrowing.

The Treasury last night would not put a figure upon the total loans that have occurred through its exchange guarantee scheme, but unofficial estimates put the figure at approaching £1bn. while interest rates have risen by more than £30m. a year.

The nationalised industries and public sector underwriting such as the water authorities have foreign loans at present totalling £350m. and the local authorities have foreign loans totalling £735,000.

Sources Under the Treasury exchange guarantee scheme the borrower is effectively insured by the Treasury against exchange rate and interest fluctuations in return for a charge which is calculated to make the eventual loan about 1 per cent. cheaper than an equivalent loan, raised in Britain.

The Post Office has foreign loans totalling £564m. British Rail has borrowed more than £250m. from foreign sources and the National Water Council has £100m. in foreign loans which are still to be taken up for more than £200m.

The British Steel Corporation Glasgow (£150m)

other European ECSC loan and EIB loans: The National had £81m. for £1m. from the financial year.

In a research have ECSC at a level of £1m. a year.

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## FRIENDS' PROVIDENT AN OUTSTANDING YEAR

Life Premium Income £51.3m  
New Sums Assured £845.1m  
Fund at the end of the year £448.5m

Highlights from the Statement by Edwin Phillips, M.B.E., Chairman of Friends' Provident Life Office.

**Outstanding Growth**  
"New yearly premiums, new sums assured and new annuities per annum were all over 50% higher than in 1974. The new Life Marketing Organisation is now into its stride and making a notable contribution to the Office's success and standing in the market in the United Kingdom and Republic of Ireland."

**Advanced Computer System**

"We have devoted considerable resources to computer development and... we have been successful in establishing on-line Head Office facilities at branches in record time. We are now rapidly expanding the network of terminals and systems so that quotations, the production of policies and the provision of policy and accounting information in the branches will enable our staff to give to our members service second to none."

**Expansion in Australia**

"In mid-year we reached an agreement with the Phoenix Group under which, provided the Australian Court and other authorities agree, the long-term business of the Phoenix Life Assurance Company of Australia will be merged with our own Life fund in that country. We are hopeful that this move will be approved shortly in the interests of the policyholders of both companies who will be best served by our larger organisation."

**Strength of Investment**

"A more reasonable level of (investment) values has been re-established during 1975. The political and economic background in this country has continued to create uncertainty which... has given us opportunities to invest accruing funds to show returns which would have been regarded as fanciful only a year or two earlier."

"In spite of a reduction in value for commercial and professional mortgages which for 1975 have been given a market value in line with the new Insurance Regulations, the recovery of investment values

generally has been sufficient to restore the balance of realised and unrealised variations from cost into a small credit of £5m compared with the £72m depreciation disclosed at the end of 1974. In addition, there is also a potential recovery in value of £98m between the market value and redemption value of fixed interest securities held."

**Record Yield on Funds**

"As a result of the investment activities of the last few years we are beginning to see our yield moving ahead and I am very pleased to report that this has risen to the record figure of 8.86%.

This yield is on a Fund which has not been diminished by the writing down of investments either in 1974 or 1975."

**Increase in Terminal Bonus**

"With the improvement in investment conditions I am pleased that we were able to increase the rate of terminal bonus applicable to life policies in the U.K. and Republic of Ireland series in February 1976 from 15% to 20%."

**Our Future**

"I believe that we can look forward with great confidence. The decisions that have been made in recent years with regard to re-organisation, specialisation, marketing, computerisation and on investment policy have improved and will further improve substantially our relative position in the industry and therefore the prospects for our policyholders."



Friends' Provident Life Office

Head Office at Pixham End, Dorking, Surrey RH4 1QA

## Exchange dealings are major clearing bank activity

BY MICHAEL BLANDEN

THE VERY large, foreign exchange dealings carried out by the big U.K. clearing banks are a substantial source of profit for them and a major activity in their own right.

Turnover in a normal day could amount to as much as \$500m. both selling and buying for one of the big four banks, and, at a time when currency rates are fluctuating widely, the expertise of their dealers can be reflected in large gains or losses.

Only a small proportion of the deals carried out by the big banks arises directly out of business for their customers. As much as 90 per cent. of their activity reflects purely inter-bank and professional dealings in the market.

The banks insist, however, that they are not engaged in speculation in the sense of taking large positions for or against individual currencies.

The bulk of their business in foreign exchange markets arises because of London's position as a major international financial centre, which means that other banks around the world come to the U.K. banks to carry out exchange deals for both commercial and banking purposes.

As a result, while the U.K. banks do not run large open positions in currencies, they have extensive branch networks, including, for example, dealings in travellers' cheques on behalf of customers.

When currency rates are fluctuating sharply, as at present, they can take advantage of the movements to make a turn for themselves.

The U.K. banks describe themselves as equivalent to jobbers in the exchange markets, prepared to make a book and earn a turn on their activities but not taking long-term positions on their own behalf.

There is a certain amount of controlled discretion allowed to dealers, who may be coping with several other banks during the course of a hectic day's trading. And the bank's position can be affected by the activities of its extensive branch networks, including, for example, dealings in travellers' cheques on behalf of customers.

## Decline in new engineering orders may have halted

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE THEORY that demand for engineering products reaches the bottom of the "trough" at the end of last year and is now "bumping along the bottom" receives some support in the latest sales and orders statistics published today.

The January figures show that the intake of new orders had levelled off, though admittedly at a very low depth and one not seen before since the statistics were first collected in their present form in 1969.

In more recent weeks signs of a recovery have been very patchy but recognisable.

The recent short-term trends survey produced by the mechanical engineering "Little Noddy" forecast that the industry could look forward to a 15 to 20 per cent. rise in new orders in the rest of 1976, from the very depressed current levels.

Engineering companies are now more willing to go along with the "Little Noddy" suggestion that the main upturn in demand will come towards the end of this year or early next year.

The EDC has held fast to this

needed



# Some awkward questions our competitors would like us to answer.

**Q** You've made a lot of claims about the relatively small amount of capital investment needed to re-equip a foundry with cupola plant. Do you have the figures to back up those claims?

**Q** The problems of wet, dirty or oily scrap are well-known to the foundry industry. Why should your fuel be able to cope with them any better than any other fuel?

**Q** Is foundry coke really the most efficient form of fuel?

**Q** The coal-mining industry isn't the most stable industry in this country. To put it bluntly, can you guarantee supplies?

## And the answers they didn't expect us to give in public.

**A** The facts are simple. To install a cold blast cupola costs about £5 per ton of annual melting capacity as against £15 for other melting systems. In these days when capital is scarce it's worth bearing these figures in mind.

**A** Coke-fired cupolas can accept a wide range of scrap than any other foundry melting plant. In fact, many other systems cannot accept oily, contaminated or wet scrap without costly treatment because of the dangers of explosion when charging. And of course, foundry coke plays an important function in the furnace that other fuels cannot do. During the melting process the metal and coke are in direct contact and the carbon provided by the coke contributes to the final composition of the molten metal.

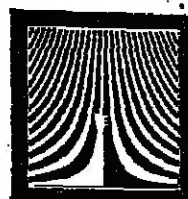
**A** Certainly some other systems use energy more efficiently. But only when they have a constant work load over an extended period to offset the possible maximum demand charges imposed with other fuels. With today's uncertain economic climate, it's very unlikely that anyone can guarantee such a steady supply of work.

**A** To answer bluntly, no industry connected with energy supply can ever be completely stable again. Looked at in this context, foundry coke is a safe form of energy. Because you can build reserves. Because Britain has enough coal for foundry coke-making to last far into the future and most importantly, because, by agreement with the Council of Iron Foundry Associations, adequate stocks of foundry coke are maintained at the ovens, so foundry coke represents "energy stock".

Additionally National Smokeless Fuels are pioneering new coke making techniques, thus guaranteeing the availability of good quality foundry coke when traditional coking coals are less readily available. If you have any questions you'd like answered about foundry coke, contact Mr. J. D. Hill, National Smokeless Fuels Ltd., Coal House, Lyon Road, Harrow, Middlesex HA1 2EX (Tel. 01-427 9001). Once you've heard the answers we think you'll agree, National Smokeless Fuels, by supplying the energy to produce 90% of all Britain's iron, is the hidden power behind Britain's industry.

**National Smokeless Fuels Ltd.**  
The Hidden Power Behind Britain's Industry.





# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

## TRANSPORT

### Self-propelled hover platforms

MACKLEY Ace which specialises in large hover platforms for carrying very big and heavy loads has now devised a self-propelled model. Normally, hover platforms have to be towed or winched as the more conventional hovercraft are noisy and additionally need an experienced hover pilot.

The latest platform has a self-propulsion system based on a pair of driving wheels incorporated into it. Being a hydraulic system, no complicated transmission is needed, and variable speed control is obtained through hub motors on the wheels.

As the platform hovers when on the move the actual weight transmitted to the drive wheels is minimal, enabling them to cross most types of terrain without losing grip.

The twin pairs of wheels are pin-jointed on to the outer frame of a standard Mackace hover platform so that the payload area remains completely clear.

Mackley Ace's latest platforms can be assembled on site by unskilled labour and it is claimed that any competent plant operator is capable of handling them.

They are expected to widen the scope of hover platforms, enabling them to work in flooded areas and soft ground sites.

A series of demonstrations of the new craft are being held at Henfield, Sussex and can be attended by arrangement with the company at Southampton (0703 781944).



## PROCESSING

### Spherical mixers

SPHERICAL disperser and mixer units, available in five sizes from 250 to 5,000 litres, are being marketed by Delwin PMF, 25a, Harr Street, London, SE18 6NE (01-317 9570).

Made by the SEM Organisation in France and known as Hel-

globes, these units have applications in a range of manufacturing and process industries.

Features are the spherical mixing chamber, and the availability of three types of variable-pitch impellers with different profiles and optimum operating speeds. At high speeds from 25 to 30 metres/second, the Heliglobe is fitted with a hammer impeller; at medium speeds from 8 to 15 m/s, with a saw-tooth impeller and slasher blades; and at low

speeds from 3 to 10 m/s, with a large-diameter blade impeller.

These cover a variety of duties, including mixing, dispersion, emulsification, dissolution, pulverisation, homogenisation, humidification, and mixing with scraping. Installed motor drives with ratings from 5 to 200 hp are offered.

Details from S. G. Owen Group, Lodge Farm Industrial Estate, Harlestone Road, Northampton (0604 541241).

### Phosphating at lower temperature

TWO new Bonderite zinc phosphating processes have been introduced by Pyrene Chemical Services. They enable iron and steel surfaces to be treated at 30 degrees C. compared with the previous temperature of 50 to 60 degrees C.

The company estimates that a reduction from 54 to 30 degrees C. in the phosphating solution would produce a 40 per cent. energy cost saving in a typical car-body phosphating plant. With the reduction applied also to pre-cleaning and rinsing the cost reduction approaches 50 per cent.

Bonderite 159 is an immersion process and the company states that it produces the same standard of coating as its type 75 higher temperature process. For spray application type 199 solution is offered. It is used in conjunction with a compensating chemical supplied in powder or solution form, to accelerate the process and achieve the required performance. For cleaning, Pyrene's 499 alkaline solution is offered for spray application. Note from Ridgeway, Iver, Bucks SL0 9JJ (0753 651812).

### Compact curing unit

A SELF-contained ultra violet curing unit, complete with conveyor belt, lamps, control system and exhaust fans, have been introduced by Wallace Knight, 515 Ipswich Road, Trading Estate, Slough, Berks. SL1 4EP. (0753 28151).

Available in a variety of formats they are designed specifically for applications such as sheet fed printing or coating of board, tin, paper, wood and similar materials.

Called the "Linecure", the range of machines has been designed for maximum flexibility. Within the basic framework, different components can be fitted depending on the application. The machines can be used in-line or at the end of a production line, and can be fitted with wheels or castors for mobility.

Delivery is by belt conveyor and belt widths can vary from 20 to 72 inches. The units use reflector systems of highly polished anodised aluminium. The lamps, rated at 80 watts per cm, are medium pressure mercury arc type, with a guaranteed minimum working life of 1,000 hours.

Drive can either be by integral or remote power unit and the instrumented controls can either be built in or housed in a remote cabinet. Belt speed can be fixed or variable and power selection can be used to vary the amount of UV irradiation. To enable very light sheets to be handled a vacuum table under the belt can be fitted.

By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.



### VICTOR PYRATE LIMITED

We are proud to receive the Queen's Award to Industry, for export achievement.

Specialist manufacturers of tank-washing equipment to the world's tanker market.

ARISDALE AVENUE, SOUTH OCKENDON, ESSEX, RM15 5DP

Member company of the Samuel Hodge Group

## INSTRUMENTS

### Electronic stopwatch

TIME measurements of up to 999 seconds to an accuracy of half of one per cent. can be carried out with a three-digit low-cost display timer put on the market by Deltic Automation, 10, Tillys Lane, Staines, Middlesex TW18 4ED. (Staines 57631).

Intended for use in photography, education, athletics, medicine and engineering, the unit has a time display that is

free-running and covers three ranges — 9.99 seconds, 99.9 seconds, and 999 seconds. Versions can be supplied with higher accuracies of 0.1 and 0.05 per cent.

Measurement of elapsed time can be started and stopped using a local push-button. This mode of operation can be continuous, permitting the sum of any series of manual measurements to be accurately recorded. The time displayed will always remain on permanent hold until the button is again pressed. Alternatively a reset-button returns the display to zero.

Operation in other ways is possible; for example, a remote push button can be used, or a

remote photocell. A sensitivity control is incorporated.

Large and small feet operators can use this compact, high performance two-day radio-telephone. The "Reporter" measures 7 inches wide by 2 inches high by 5 inches deep and can be easily installed within reach of its operator in any vehicle. Fitted in its own secure, snap-proof mounting, it overcomes the installation problems of conventional mobile radio-telephones.

Single channel and up to six channel versions are available for operation in frequency bands A (145-174 MHz) and E (145-174 MHz); other frequencies will become available as the standard 5W trans-pu- push button can be used, or a remote photocell. A sensitivity control is incorporated.

Operation in other ways is possible; for example, a remote push button can be used, or a

remote photocell. A sensitivity control is incorporated.

### Hardness on any scale

AN automatic universal hardness tester, the Gneum OM250, has been introduced into the U.K. by Microtron, 338, City Road, London, E.C1. (01-837 0192).

The machine can be used for testing to the Rockwell, Rockwell Superficial, Brinell and Vickers methods, and also by the Knoop technique. All of these make use of the resistance of a material to penetration by another material or body.

Two basic programs are stored in the machine: one for Rockwell (including application of minor and major loads and measurement of indentation depth), and another for Vickers and Brinell for application of loads and projection of the indentations on the ground glass screen. The operator has only to select the method, test load, the penetration speed and the duration of the loading. The penetrators are located in an automatic turret head.

The machine occupies a base area of 620 x 430 mm, is 1020 mm high and weighs 220 kgs.

## COMMUNICATION

### New deal in telephones

MOBILE radiotelephone equipment launched by Pye Telecommunications with a list price of under £250 has an unusual bonus of a free maintenance contract valid until January 1, 1978.

Designated EPS 1002, the unit is available in full-scale ranges from 5 to 5,000 p.s.i., gauge, absolute or differential. More from the company at North Feltham Trading Estate, Feltham, Middx. (01-880 1166.)

## FILMS

### Finding right sc

WITH BILLIONS of film footage the shelves of arc libraries through a major problem users have not existed but "One significant missing the problem announced by Britannia Education — which is the world's largest film library.

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## HOME NEWS

ra says Coal Board  
oke even in 1975-6

RODSON

THE COAL BOARD in the 1975-76 financial year has made a profit of £1.8bn. Unofficially, it is more realistically the cost by 1985 is put at well over £2bn.

Sir Derek was insistent yesterday that the Board intended to stick to the letter of the plan, though it will be far more expensive than at first estimated.

All projections showed that there would be a national energy shortage by the 1990s, and that the nation must pay now for assured energy supplies then. The plan is suffering in the main from inflation, but some detailed costings are rising as the giant Selby coalfield, described by Sir Derek yesterday as the biggest new deep mining project in the world, will cost more than £1.5bn, because of environmental undertakings and the need to divert

the main London-to-Edinburgh railway line.

He refused to give any firm assurance about future movements in coal prices—a 15 per cent. rise has just been applied—because, he said, there were so many uncertain factors.

The Board's policy was to hold prices as far as possible to maintain coal's competitive position. Figures now available show that coal held on to its market better than oil in the last year. The NCB estimates that total U.K. energy demand fell by nearly 20m. tons of coal equivalent in 1975-76 to reach 318m. tons of coal equivalent. But 75 per cent. of the drop was suffered by the oil industry, with coal sales going down by only 5m. tons.

Investment in coal mining rose from an annual rate of £100m. to £215m. in 1975-76.

March car  
output up  
11% on  
last year

By James McDonald

SIGNS OF a recovery in U.K. car output were reinforced yesterday by Department of Industry figures showing an output during March of 142,612 units—11 per cent. above the level in March last year.

Production for the home market rose by 7 per cent. compared with a year ago, and output for export was 10 per cent. higher.

The Department points out, however, that output in the first quarter of this year was 6 per cent. below the relatively high level achieved in the first three months of last year.

On a seasonally adjusted basis, March car output was 121,000 units—15 per cent. above the monthly average last year—and output in the first quarter was 18 per cent. higher than in the last three months of last year. Production for the home market and for export each showed about the same proportionate increase.

Commercial vehicles output in March was 37,440, a fall of 3 per cent. compared with the same month last year, with production for the home market falling by 15 per cent. but for export rising by 13 per cent.

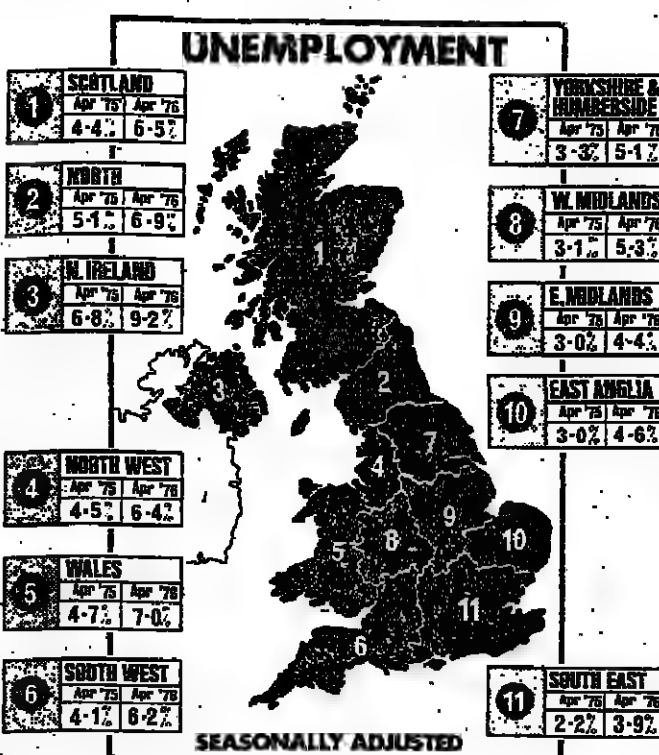
In the first quarter of the year, commercial vehicle output was 13 per cent. below the same period last year with this fall again due to a reduction in output for the home market.

On a seasonally adjusted basis, commercial vehicle output in March is given as 32,500 units—8 per cent. above the monthly average last year. In the first quarter of this year production was 8 per cent. above that of the final quarter of last year.

As forecast in The Financial Times on Tuesday, prices of Ford cars have been raised by an average of 4.7 per cent. from midnight last night.

A similar increase is expected soon by British Leyland, and also possibly by Chrysler. Ford's new prices (with the previous in brackets) are:

Total including car tax and VAT	
Escort	
1100 3-door	£1,514.04 (£1,416.31)
Escort 1300	
GL 3-door	£1,960.23 (£1,877.61)
Cortina	
1600 XL 4	£2,384.29 (£2,188.02)
deor 1300	£1,999.51 (£1,892.89)
Granada	
2000	£2,536.00 (£2,428.11)
Granada	
3000	£4,329.31 (£4,133.59)

Powell attack may  
anger Loyalists

BY OUR BELFAST CORRESPONDENT

A SPEECH last night by Mr. Enoch Powell, the Ulster Unionist MP, in which he said that the Unionist Coalition in Ulster no longer existed, is likely to cause a storm among Loyalist politicians.

Mr. Powell, speaking in his South Down constituency, made a partial attack on certain individual former members of the Ulster Unionist Coalition (UUC) whose damaging and irresponsible utterances were, he said, a dangerous hindrance to the cause of Ulster in Parliament.

His remarks are being interpreted as further criticism of Mr. Ernest Buirde, a deputy leader of the UUC, who has been the most vociferous opponent of continued direct rule in the Province.

Mr. Powell, who is believed to take the view that Ulster's total integration with the rest of the U.K. is inevitable and desirable, made it clear that the true representative voice of Ulster Unionism was to be heard through the Province's MPs at Westminster.

He said, in a passage directed at the militant critics of the direct rule administration: "The Union (with Britain) is now less in danger and more secure than it has been since 1801, and possibly since further back still."

In the last few weeks and months of direct rule Ulster Unionist MPs had become the living evidence of the reality and permanence of the Union. There had been a tumult of foolish, intemperate and some-

Provisionals  
aim to defy  
rally ban

By Giles Merritt

DUBLIN, April 22. THE PROVISIONAL Republican movement is to defy the Irish Government and push ahead with its plans for next Sunday's big rally in front of Dublin's symbolic monument to the 1916 Easter Rising, the GPO building.

There is speculation here that the Government's ban on the march may herald a clamp-down on the activities of the IRA's "political" wing. Provisional Sinn Féin.

In spite of the Government's surprise decision that marchers could be prosecuted and be liable to three months' imprisonment, leaders of the Provisionals are threatening that the much-publicised demonstration will be even larger than originally planned.

Its star speaker, Mr. David O'Connell, the alleged former IRA chief of staff recently released from jail, is to risk arrest and address the meeting. The Provisionals have apparently opted for confrontation with the Government.

Companies finances  
become stronger

BY MICHAEL BLANDEN

A SHARP improvement in the financial position of both the company and the personal sectors, coupled with a substantial rise in the net financial deficit of the public sector, are shown in the latest analysis published by the Central Statistical Office.

The "total disposable income" of industrial and commercial companies—designed as a measure of the internally generated funds available for distribution and capital expenditure—increased by over 20 per cent. last year compared with 1974.

At the same time, the exceptionally high savings ratio was reflected in a jump of about 25 per cent. in savings by the personal sector, to £10.1bn. last year. Though there was a rise in spending on fixed assets—mainly houses—the personal sector's financial surplus rose by £1.4bn. to £6.2bn.

The net financial deficit of the public sector increased further from £5.4bn. in 1974 to £8.2bn. last year. And the surplus of the overseas sector, which had increased four-fold in the previous year as a result of the exceptional rise in oil prices, was more than halved last year to £1.7bn.

The fall in the deficit in the company sector reflected two main factors: a "massive" reduction in the physical level of stocks.

The net financial deficit of industrial and commercial companies fell from one unprecedented £3.2bn. in 1974 to about £300m. last year. Companies gained from a reduction in U.K. tax payments—from £2.4bn. to £1.8bn.—as a result of the relief on stock appreciation introduced in November, 1974, and showed an increase of £1.3bn. in their undistributed income (savings).

At the same time, the sharp run-down of stocks showed up in a £1.6bn. fall, which represented a swing of £2.7bn. compared with the £1.1bn. build-up in the previous year. These movements were partly offset by increased outlays on fixed assets, up from £5.9bn. to £7bn.; though the rise in spending on fixed capital assets was entirely accounted for by the higher prices of capital goods.

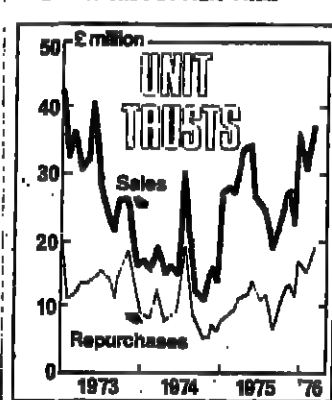
Gross trading profits—before providing for depreciation and stock appreciation—fell slightly, from £9.8bn. in 1974 to £9.5bn. However, this fall was associated with a much larger drop in stock appreciation, so that after providing for stock appreciation gross trading profits rose by £600m. to £5.5bn.

£21m. paid  
to terror  
casualties

THE NORTHERN IRELAND Office has disclosed that, since the troubles began, £21m. has been paid out in compensation to people injured in the Ulster violence and that another £15.5m. in claims is still outstanding.

March unit trust sales  
best since June 1973

BY CHRISTOPHER HILL



monthly performance since June, 1973.

Repurchases were also higher at £19.1m. against £15m. in February—also a record and the highest since January, 1973.

The overall effect was to leave net investment of £18.1m. at its second highest since January, 1973.

Unit trust groups were pleased with this performance. Save and Prosper said that it reflected increased sales from newspaper advertising in its own case, plus beneficial effects from the exchange of private company shares for units.

On the repurchase side it is felt that there was a seasonal effect of "bed-and-breakfasting" £37.2m. This was the best

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## THE QUEEN'S AWARD TO INDUSTRY

for outstanding performance in the field of exports









## HOME NEWS

## C rates plan for Fleet line

## INDUSTRIAL STAFF

**EATER** LONDON turn to ratepayers the £300m of the Fleet Line which is to be redeveloped.

Mr. Kenneth Robinson, chairman of London Transport, yesterday gave full support to the extension of the Fleet line but made it clear that the project could not be included in the authority's normal capital budget. All the capital available would be required to maintain the efficiency of present services.

London Transport pointed out that the building of the new underground could not be justified on strictly commercial criteria, but had to be considered in the planning context of the opportunity provided to redevelop 6,000 acres of dockland.

The proposed extension would take the Fleet line from the Strand, through the City to Fen-

church Street, under the river through London and Surrey docks and on to Beckton and Thamesmead.

Mr. Robinson was fairly optimistic about the general financial outlook for London Transport. There were no indications that further fare rises would be needed this year after the planned 25 per cent. summer increase in bus and tube tariffs.

The annual report shows that two fare increases in 1974 contributed to an overall 2.5 per cent. drop in passenger journeys.

However, the relatively higher rise in rail fares caused a substantial transfer of passengers to buses. Underground journeys fell 5.4 per cent., compared with 1.3 per cent. on buses.

Mr. Peter Dimmock, managing director of BBC Enterprises, said there that last year some 80 countries bought 9,000 hours of programming from the BBC. Although the largest buyers were Commonwealth countries and the U.S., Enterprises made an increased impact in markets all over the world.

Mr. Roy Gibbs, Enterprises' senior European sales representative, is confident that at Cannes he will finalise negotiations to many European countries and spread further what has been called in the U.S. Press "The Great British Invasion."

Expected to sign are: West Germany for "David Copperfield," "The Legend of Robin Hood" and "The Ascent of Man"; Holland for "The Ascent of Man"; Sweden for "The Ascent of Man" (Series Six) and "Fawcett Towers"; Denmark for "The Ascent of Man"; Finland for "The Ascent of Man"; and France for "The Ascent of Man."

Mr. Dimmock also reported encouraging increases in all other trading divisions of BBC Enterprises.

## Boost for BBC sales of TV abroad

By Arthur Sandles

**SALES ABROAD** and in Britain of such BBC products as television programmes, records and materials for exhibitions topped £7m. in the past year, £2m. more than in the previous year.

With other British television organisations also reporting considerable selling success abroad it is increasingly clear that Britain is nudging out the U.S. as the world's major supplier of non-fiction television material.

The world's television show-makers and buyers are gathering in Cannes at the moment for the international sales convention for the industry.

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## Benn backs union role in policy making

By Chris Saur in Perth

**MR. ANTHONY WEDGWOOD BENN**, the Energy Secretary, yesterday defended the practice of bringing trade unions into the process of policy-making in evolving the Labour Government's economic strategy.

Speaking to delegates at the Socialists' annual congress in Perth, he said: "Those who argue that this close association bypasses Parliament should be reminded of the immense and sustained public and private pressure that big business and finance has always brought to bear on all Governments in Britain."

That power had been exercised entirely outside Parliament — "a practice we do not intend to follow."

Organised labour was entitled to at least a say in the making of policy, he said, adding that the social contract was not just a phrase for a pay freeze, but a solemn manifesto commitment to carry through jointly, a wide-ranging programme of basic economic, social and political reforms as an integral part of policies to deal with unemployment and inflation.

The Energy Secretary was addressing a conference which had earlier demonstrated some grave misgivings about the continued viability of the social contract and the union-Government consultative process.

One of the Government's closest allies, the General and Municipal Workers' Union, lodged a bitter complaint about the failure of Government to consult before key decisions were taken on expenditure cuts.

The union has been spending much of its time in the last few weeks reminding the Government of its obligations to consult before key decisions were taken on expenditure cuts.

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Ashley Isherwood

## use price 'explosion' possible

MR. CASSELL, BUILDING CORRESPONDENT

There was more movement in the house-building market than in the new house building market.

Liquid funds amounted to more than £70m., or 20.5 per cent. of total assets.

The average loan last year was £7,500 against £7,000 in 1974, a 7.1 per cent. increase.

Mr. Bell said that this was in stark contrast to the 25 per cent. increase in the retail price index over the same period and

the Gateway last year of £50m. to society last £70m., as in the previous year the number of completions was 80 per cent.

Mr. Evans said that the number of completions was 15 per cent. of advances completed

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# The Property Market

BY QUENTIN GUIRDHAM

## Housing Corp. takes half Maple House

At last, some good news for shareholders of Maple Macowards, the retailing group which, under the influence of the now failed Jessel Securities (20 per cent. shareholders) pinned its hopes on one major redevelopment scheme. Some 41,000 square feet, nearly half the office space in that still uncompleted development, Maple House, in Tottenham Court Road, London W1, has been let. The tenant will be the Housing Corporation, the Government's "third arm" of the housing sector.

Matthews and Goodman acted for Maple Macowards and Hillier Parker May and Rowden for the Housing Corporation in negotiating the lease on the fifth, sixth and seventh floors. The rent is a secret, but a clue might lie in the price being asked for the remaining three office floors: £5.50 per square foot for units of 8,000 square feet upwards.

The whole of the ground floor is retail space and the first floor has showroom use. The British Carpet Manufacturers were showing interest here, but there is no definite commitment yet.

The Housing Corporation has been looking for new space for a long time, wanting to bring under one roof what cannot be accommodated in the present base at Sloane Square. That it has chosen Maple House before it is even complete

(though perhaps because of the financial condition of Maple Macowards) the property has been strenuously marketed, says something for the quality of the building and also the good tube and rail communications at the top end of Tottenham Court Road. The letting takes the development closer to their intention of letting and selling the building, but Maple Macowards has a long way yet to go. Back in the 1973 report, the chairman was saying that he had already been advised that the development was worth in excess of £15m, and would have a fully let value "well in excess of £25m."

In supporting the development, Maple Macowards has reached the point where it could not despite an improved trading position, meet a tiny dividend on its Preference shares, and, although shareholders have now approved the necessary changes, it breached its trust deed on a loan stock by selling some regional stores and had to ask for higher borrowing limits.

5.2 per cent. initial yield in Glasgow

Stenhouse Holdings has made one large property boob, the purchase and sale of Dominion House in the City, and the Stock Market has been slow to forgive the group for that mistake as it has for mixing international insurance broking revenue with Scottish industrial interests. But

now Stenhouse has shown there are swings and roundabouts in property, and while much else may be going down a round in circles, Glasgow offices are decidedly going up.

Stenhouse has entered into an agreement to sell its freehold at 143 St. Vincent Street for £1.7m, payable next month. Apart from cutting borrowings, and trying to ensure that Stenhouse can keep its Reed Shaw Osler shareholding to £4.47 per cent. even if that group wants to expand by share acquisition, this deal casts some light on the popularity of Glasgow with investors.

The lease, to A. R. Stenhouse and Partners, a Reed Shaw Osler subsidiary, has 24 years to run with the next five-year review in July 1980. The annual rent now is £88,000.

The building, refurbished in the mid-sixties and partly air-conditioned, is in a prime location. With the current rental at around £3.80 per square foot, what did the purchaser consider the current market rent, granted that the £55,000 a year was arrived at only last year on what, despite the relationship between landlord and tenant, was fixed at a normal open market value?

Between £3.10 and £3.20 per square foot is probably the right area, with the potential for further gains clear: new air-conditioned space in the business area is at above £4 per square foot, and it is thought that over the Bank City Wall letting to the British National Oil Corporation, despite being decidedly off-centre and a 60,000 plus square feet building, went at a mixture of around £2.75 per square foot and £3.

But even granted growth assumptions and an equated yield around 8½ per cent., the initial yield is 5.16 per cent. The sale

by tender had several funds on tenterhooks, before being knocked down to a pension fund client of Healey and Baker, thought to be the Coal Industry Nominees.

Stenhouse (agents Richard Ellis) has chosen to announce the details. There are thought to have been other, less publicised purchases in Scotland

where, even if the property was not quite as plush as this—right size, good covenant, very good location—yields have gone nearly as low.

Where Glasgow goes from here is an exciting question, granted that as well as a shortage of new space for letting, there is also a shortage of potential sellers of the best properties.

And Glasgow is rising from a fairly low base, the book value of the 45,000 square foot Dominion building being arrived at adding refurbishment costs to a 1963 purchase price.

No such hopes underpin Stenhouse's other major property, the 45,000 square foot Dominion building in South Place, London E.C.2. Stenhouse bought

The Financial Times Friday April 23, 1976

this for £11.175m. In December 1975, armed with £14m valuation, and intending to sell some of the equity in the building to others while taking enough space in it to rationalise three London offices. But with gross financing costs of £1.5m, a year on the purchase, it had to go through a series of inter-group transactions to cut its involvement.

In October 1974, now facing a £5m valuation, Stenhouse Holdings sold Dominion Buildings to the Stenhouse and Partners subsidiary of Reed Shaw Osler for a head-lease on the building from Reed Shaw Osler at £550,000, and allowing for the deficit this produces on present rental income, Stenhouse took its medicine with a £2.7m. loss after tax on its idea of buying a London office freehold.

The rents on the various sub-leases have to rise above the £14 square foot Stenhouse is paying, before the gap closes. Perhaps Reed Shaw Osler will be paying £14 per square foot for St. Vincent Street, Glasgow before that happens.

How the ODP system might change

THOUGH HE turned down various alternatives to Office Development, Permit controls when announcing the extension to 15,000 sq. ft. John Slick, Minister for Planning and Local Government, said he would welcome views on the possibility of modifying the present system.

The basis for discussions will be the Office Location Review prepared by the Urban Affairs and Commercial Property Directorate. Smith represented the buyers, for the change suggested in the review described there as "importing into the ODP system some of the advantages of the There are a further five units, occupation permit system," the from 15,500 square feet to 27,500 French method which the writers square feet, ready on the estate. When let, that investment will the other ODP alternatives, such probably be sold as well.

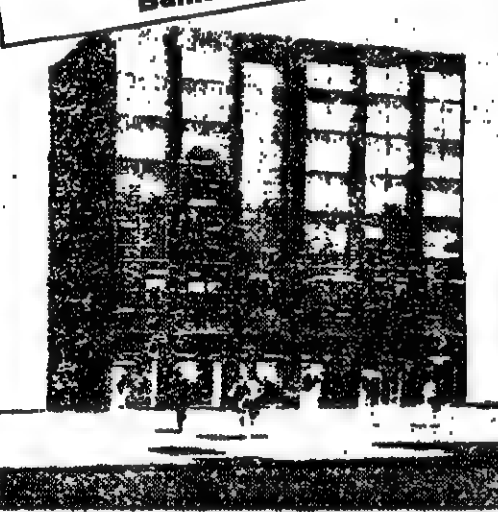
## OUT AND ABOUT

● J. Coral Estates has sold 130,000 square feet of warehouse, tenanted by P. & C. Cambridge and Loxtons on its Cambridge Lane, Cambridge estate, to be the Office Location Review prepared by the Urban Affairs and Commercial Property Directorate. Smith represented the buyers, for the change suggested in the review described there as "importing into the ODP system some of the advantages of the There are a further five units, occupation permit system," the from 15,500 square feet to 27,500 French method which the writers square feet, ready on the estate. When let, that investment will the other ODP alternatives, such probably be sold as well.

# INDUSTRIAL AND BUSINESS PROPERTY

**One of the finest office buildings outside London**

"Lettings now include Bank and Airline"



A luxury office building at Humberstone Gate, Leicester, recently completed, and available in suites of 4,000 to 30,000 square feet.

The building is situated in the town centre, close to the new Haymarket shopping centre and numerous public car parks, and within easy reach of both the main line railway station and the M1 motorway.

Completed to the very highest office standards, the building offers one of the most efficient and sophisticated air conditioning systems throughout.

- \* Two lifts \* Sun resistant double glazing \* Suspended acoustic ceiling tiles incorporating recessed fluorescent lighting
- \* Ample toilet facilities \* Portage
- \* Car parking facilities on site
- \* Perimeter ducts carrying power cables, with ample power points provided
- \* Floor loading of 100 lbs. per sq. ft.

The owners of the building, a leading Life Assurance Company, are ultimately concerned in securing a lessee or lessees of high calibre, and the terms they are prepared to accept will reflect this attitude.

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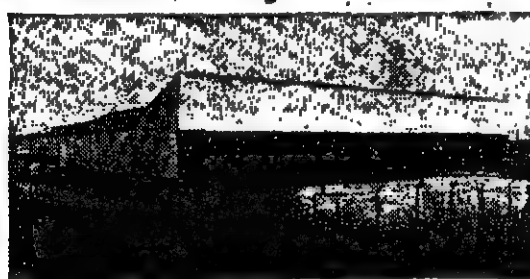
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## PROPERTY IN THE SOUTH WEST II

## Plenty of office space

KET for office space in the South West has been the sharp drop in demand by recession. The private sector cut for expansion or development had to be made up by the public sector during 1972-73. Public expenditure on the private sector will be the main hope for the future, but signs are that it is not yet fully revived.

Empty space in the South West has been built up in Birmingham or some of the other areas. The quality of the office space is not in doubt, but the demand is not yet fully revived.

Industrial property such as the office block demand for units is still some areas, and main road network road warehousing remained stable.

Bristol remains the dominant distribution centre, and the rents of between £1.20 and £1.35 per square foot, obtained on some trading estates, there make it one of the most expensive regional warehousing areas. Agents Lalonde Brothers and Parham say that the supply of old and new space should satisfy demand this year, but that new accommodation may become scarce in the middle term, with very few new developments being started.

In Exeter, Haarer and Goss say that while £1.20 per square foot has been obtained on a handful of small units there has, on larger properties, been a resistance to breaking through the £1 per square foot barrier.

In Bournemouth, Goadsby and Harding report one of the strongest moves against the national trend, saying that "the level of demand for industrial space has been unparalleled". They already see a severe shortage of industrial and warehousing space in some areas.

## Local

The basis of this demand has been in small units, often for local companies. On the West of England, the units go as low as 800 square feet, and it is in the sub-3,000 square foot range that rents up to £1.50 have been obtained.

What may be more surprising is the number of larger lettings, to some top covenants, and this has kept rentals on the 3,000 to 5,000 square foot units in the area as high as £1.25 to £1.30, and on new

10,000 to 20,000 square foot units to around £1.10. One major industrial letting just completed on an older building is the 35,000 square foot gross taken by Ashford Controls, a Petreco subsidiary, at Creekmoor, Poole. The company has taken a sub-lease from a Sir Joseph Causton subsidiary, paying no premium on the £29,500 a year rent.

There are signs that developers are starting to trust the level of industrial demand around Bournemouth. Goadsby and Harding say a number of provisional sales of industrial land have taken place in the last two months.

On the office front, at present, the Bournemouth area, split into three office centres in Lansdowne, County Gates and Poole, presents a very different picture. There has been a fairly hectic expansion of office space since 1970 and, while the undoubted attractions of the area remain, there is now some nervousness about the lasting appeal of County Gates and Poole now that the initial reason for their popularity, the Office Development Permit boundary, has gone.

The test case is probably the 80,000 square foot Old Orchard block at Poole, development of which was taken over by the Electricity Supply Nominees. There is interest here from one tenant for the whole block, and from another for around half of it. Perhaps the main question mark here, and for Tarmac's smaller Robert Rogers House (for which there is a provisional letting of the top floor at £4 per square foot) is the strength of the Poole clerical labour market. The

effect of this on Barclays Bank International's 457,000 square foot block will be watched closely.

At County Gates, there is a space still in Frizzell House and Marler House, but it is in Bournemouth itself that most of the blocks around 35,000 square feet are available, the deal where Abbey Life last year bought the Abbey Property Bond Fund's development for its own occupation having taken the only bigger unit of the market.

## Rents

Again, there are a number of negotiations in progress, with asking rents of up to £4 per square foot, Compton House being one block which may go off the market soon. The failure of Amalgamated Investment and Property means that the 34,500 square foot Oxford Road development and the proposed Riverside scheme, where there is planning consent for 200,000 square feet, have to find new owners. But the level of approaching 1m. square feet vacant in the whole Bournemouth area does not appear to have undermined confidence.

Among the newer schemes are Heron House, in Lansdowne, where the National Westminster will take the basement and ground floors, leaving 40,000 square feet ready for occupation by next summer; Laing is to build 19,000 square feet at Parkstone Road, Poole; and also in Poole there is a site with planning permission for 60,000 square feet just being marketed. Exeter has only around a

quarter of Bournemouth's office space on the market, and the Southernhay West letting to London and Manchester Assurance, following the nearby letting of Sun Alliance's 85,000 square feet scheme to a variety of tenants, including the council, has emphasised the strength of demand. But some smaller blocks are clearly of an awkward size, too small for a relocation but too large for regional headquarters. Hence, while Musgrave House went for £2.25 (to the Water Board), smaller schemes in Dix's Field and Mary Arches Street remain unsold.

Bristol, as the region's major office centre (with around 7m. square feet of offices it ranks sixth in the country outside London, and in terms of new construction has been within the top three over the past two years) also has the biggest problem. It has gained from some substantial relocations, but these are now some time in the past, and in the last year both Gloucester and Cheltenham have edged rather better in this respect.

With 600,000 square feet plus available now or shortly, most of this is accounted for by four major blocks—Tollgate House, Whitefriars, Temple Colston and Intercity. There is every likelihood of a major government letting taking one of these off the market soon, but the other three will demand substantial tenants.

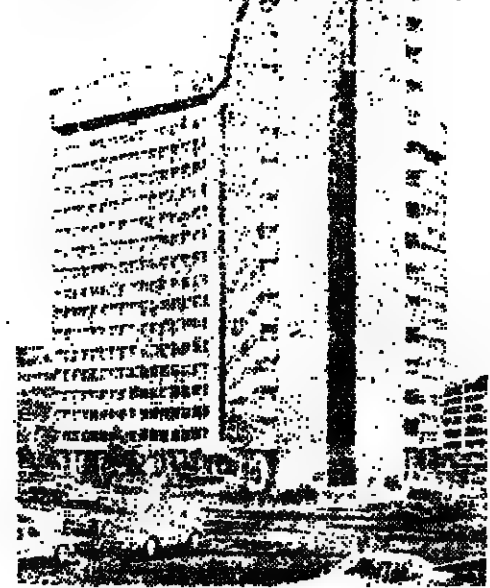
The appeal of these, apart from the communications and environmental attractions, on which Bristol's office growth has been built, lie at present in the shortage of large blocks

down the M4 and rail links to London. You reach Swindon before finding anything over 50,000 square feet available. It can also be argued in Bristol's favour that the labour supply, which has certainly put off some potential movement to the city over the past three years, is now back in balance.

Whitehall's Office Location Review, just published puts the cost for a secretary/shorthand typist in Bristol in 1975 at £1,589, with the rent and rates attributable to her at £400 for a prime air-conditioned office and £253 in secondary non-air conditioned space. The totals of £1,899 or £1,832 still leave a healthy gap to the London totals, estimated at £4,797 and £3,235.

Once the private sector regains confidence to make long-term relocation decisions, Bristol's office glut could disappear swiftly.

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## CURRENT WORKS ON THEATRE AND CINEMA

**BY C. P. SNOW**

**Kean:** actor and roisterer

BY T. C. WORSLEY

BY JAMES ROOSE-EVANS

**BY B. A. YOUNG**

BY SANDY WILSON

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FRIDAY, APRIL 23, 1976

**Herr Toni Schmücker**

**BY NICHOLAS COLCHESTER, Bonn Correspondent**

Ref: G. J. Walkham



Vorster try to make apartheid policy more acceptable, or strengthen it? Bridget Bloom looks through the glass darkly.

# Potential flashpoints in South Africa

IN private conversations, I will almost certainly be found that Whites were much more aware of and prepared to talk about the real issues at stake in South Africa than they were six months ago. This applied whether it was the Afrikaaner right-wing MP who declared that he would stand and fight if majority rule ever came to South Africa (the possibility of discussing such an eventuality, he agreed, would not have arisen six months ago) or whether it was the perceptive or "liberal" Afrikaaner academic, who believed that majority rule could not work, but who accepted that the Blacks would have to be given, perhaps in some genuinely federal system, very much more than the 13 per cent of the total land area presently allocated to the Black Homelands.

On the Black side—and it is for obvious reasons much more difficult to talk to representative Blacks than to Whites—there seems to be a greater deal of realism, a continuing deep frustration, but at the same time rather more confidence and even hope than one might have expected. There is no doubt that the advent of Black rule in Mozambique and in Angola, and the evident attempt of Mr. Vorster to get Rhodesia's Whites to accept Black rule, have been largely responsible for this.

One Black leader, totally opposed to anything but majority rule (as probably most politically minded Blacks are) put it: "It isn't that we believe we can defeat apartheid overnight. Even if we were to do it in several years we would need help from outside. But probably at no time since the crackdown which followed Sharpeville... have ordinary people been so prepared to come forward, knowing they



the economy's impact on (For the record, it should be said that Pretoria made a considerable effort in the last year or so to develop Umata, the little Transkei capital: two new imposing office blocks, plus additional housing and an all-weather airport under construction should make it comparable, say, to Mbabane in Swaziland, and while the bustle of the streets to-day is in marked contrast to the sleepy atmosphere that pervaded the town five years ago. But an eight-hour drive through the territory, along two of its main roads, showed very little change in the countryside, where most of the population lives as it has done for years. I saw none of the obvious signs of development: new schools or clinics or agricultural projects, such as one finds in even the poorest African independent States.)

But even if a few minor recognitions do come the Trans-

whose leaders have rejected independence. For the majority of urban Blacks, independence in any case would solve nothing and indeed in some respects add to the problems. One of Pretoria's well publicised offers in terms of domestic detente, made by Mr. Vorster at a meeting with all Homeland leaders some 15 months ago, was to allow Africans living in White areas the right to own 80-year leases (there are currently no property rights for Blacks in White South Africa). Nothing at all has been done to implement this offer, which, it appears, is now going to be made conditional on the acceptance of Homeland citizenship.

But if the Blacks are likely to present increasing dilemmas for the Coloureds (those of mixed race, plus Indians and Malays) is even more acute. Though substantially better off in terms of salaries and job opportunities, than the Blacks (though everywhere less well off than the Whites), the Coloureds do not fit into the logic of apartheid.

The Government has rejected right-wing suggestions that Homelands should be created for them and for the last two years has awaited the report of the Enquiry into their future. The report was completed earlier this month; it should now be on the desks of Ministers. It seems highly unlikely to recommend that Coloureds should be given equal political rights with the Whites (though this is often advocated as a way of diminishing the White-Black ratio in the country as a whole). But it may suggest that equality of economic opportunity should be accepted as the goal, with a

## Letters to the Editor

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does not stand up to close examination. We understand that the report to which he refers compares the import costs of timber with that of locally produced solid concrete. Proprietary concrete flooring systems of the type which our federation recommends for two storey housing would consume much less energy and would reduce imports. This reason for this is that many specialist floor manufacturers supply pre-stressed concrete which has only 40 per cent of the concrete and 25 per cent of the steel contained in solid concrete slabs.

Presumably, no one would argue with the statement that concrete drastically reduces the fire risk, is not proof, requires no maintenance, improves thermal and acoustic properties enormously, and often reduces the need for internal load-bearing walls and their foundations. It can easily be designed to accommodate services, can accept all forms of floor covering, carpets, etc., and it is precisely for all these reasons that concrete floors have been used in blocks of flats for many years.

Why then should builders continue to use timber? The answer is that the public are, as yet, unaware of a better material now available at an extra cost and the old standards are, therefore, still acceptable. Once a few of the larger builders start to offer these advantages others will follow but this will take time and we believe, therefore, that the Government should give a lead by bringing the facts to the attention of local authorities throughout the country.

Like Mr. Sunley, we have no desire to see legislation imposed in this matter as we are confident that our building industry will decide "in the market place" that the rest of Europe is right to use concrete and it is time British householders enjoyed the same benefits. Many people might think it is wrong that we spend millions of pounds each year importing timber to do a job which could be done so much better in concrete and at the same time provide more employment in this country.

Our problem is tradition not price. As a Frenchman said to us with typical commendable Gallic chauvinism "With your economic problems, if you are buying your timber for houses in foreign exchange you must be crazy."

C. A. Rackham,  
60, Charles Street, Leicester.

**Bricks are beautiful**

From the Director General, Brick Development Association.

Sir,—I find the exchange of correspondence between Mr. J. G. Sunley (April 13) of Timber Research and Development Association and Mr. Kenneth Wood (April 16) of Concrete Ltd., most disturbing. Both these gentlemen failed to grasp the real significance of their argument in relation to the overall economy of the United Kingdom. That this argument should occur at all underlines an urgent need for an official, independent, responsible survey to be undertaken to determine how to use British and imported resources most economically in the building industry taking into account the long-term interests of this country.

I believe that such a report would confirm that brick, because of its low energy requirements, absence of maintenance costs, proven performance and virtually unlimited supply is, and will remain, the cheapest, most cost-efficient basic material for building.

Possibly, because of our familiarity with bricks, we are

## Bank union mergers

From the General Secretary, National Union of Bank Employees.

Sir,—Your Labour Staff have referred to the application by National Westminster Technical and Services Staff Association to join the TUC (April 21) and the TUC's rejoinder that it would prefer to see some sort of merger with an existing TUC-affiliated union such as ourselves as we are already well established in the field.

Reference is also made in the article to the position of the Association of Scientific, Technical and Administrative Staffs of the Midland Bank. We are in fact discussing this question under TUC auspices, with ASTMS and we hope to reach an amicable arrangement with ASTMS over not only the Midland Bank but the whole question of spheres of influence in banking, insurance and finance. At the moment we negotiate through the Non-Clerical Banking Staff Council on basic conditions for technical and services staff and the ASTMS T&S Section of Midland Bank are not directly involved. We also negotiate domestically on non-national matters for Midland technical and services staff directly with the Midland Bank management and our T&S membership in Midland Bank is about double that of the ASTMS Section.

At our recent delegate conference we agreed an amendment to our constitution and rules allowing for appropriate autonomy for various sections of membership within the context of a national trade union. We had particularly in mind the question of technical and services staff in this matter and we trust that any groundless fears about autonomy can be properly met with adequate safeguards for all concerned within the context of our new proposals.

We hope that both clerical and technical and services staff associations will now seriously reconsider their attitude to mergers with NUBS in the light of this change in our rules and trust that we can all now go forward to create one national trade union for the banking and financial world of this country.

Leif Mills,  
Sheffield House (formerly Southlands),  
Portsmouth Road, Esher, Surrey.

## The pay policy

From Dr. Paul Neill.

Sir,—The article (April 20) which discusses my work on Mr. Healey's pay policy states that my inflation calculations are puzzling. I find this comment more than somewhat puzzling. May I refer you to the relevant passages in the Budget speech?

"The contrast is seen most clearly if we compare the low pay limit with one which was, say, 25 higher or about 74 per cent. Instead of 3 per cent. By comparison with the inflation generated by the higher limit, the low pay limit would make inflation 2 per cent lower at the end of 1977" (Hansard April 6, 1976, cols. 277-278).

The inflation figures I used were, in fact, the Chancellor's own estimates.

Dr. Paul Neill,  
Phillips and Drew,  
Lee House,  
London Wall, E.C.2.

## Colombian attitudes

From The Colombian Ambassador.

Sir,—The article by your correspondent in Colombia, Santa Rendall, entitled "Colombia in turmoil—A challenge to the system" (April 15), suggests some commentaries.

The present President of Colombia, Dr. Alfonso López Michelsen, is a Liberal statesman whose Government is balanced on the centre-left of our political parties and is also supported by Liberals and Conservatives. Since the beginning of his administration in August, 1974, President López Michelsen has made large overtures to the Left wing with the recognition of a new trade union confederation of Marxist orientation and the appointment of a Marxist as rector of the national University. But notwithstanding these factors and the existence of freedom of speech and association granted in accordance with the Colombian constitution, some extreme Left-wing groups have pursued direct attacks on private property and on the armed forces, with, as your correspondent states, a veritable arsenal of Molotov cocktails, explosives and ammunition.

This unfortunate situation needs the special measures that were applied by the Government and the armed forces. In no other country, whatever may be its political ideology, can such direct attacks be allowed. This situation has not compromised the ability of our constitutional system and the municipal and provincial elections were held on April 13 with full participation of all parties. President Alfonso López Michelsen is willing to maintain political freedom in Colombia and to continue with his Government's programme of social and economic reform.

May I add that "the challenge to the system" does not exist only in Colombia. Many other democratic countries in the world, and among them the most advanced in the industrial and

## World's high railways

From The Sales Director, P. Wichman and Co.

Sir,—May I correct the assertion of your New Delhi correspondent made in the article on Indian railways which appeared on April 13?

The Kalka Simla railway line at 8,000 feet is by no means the highest in the world. A number of lines in Peru, Chile and Bolivia are much higher. The highest standard gauge railway line runs from Callao to Ruanca in Peru, and at one point it reaches a height of 15,806 feet.

Many of these Andean railway systems were financed by British capital and built by British engineers, and are still being supplied with railcars and inspection cars made by this company.

J. E. Atkinson,  
Crane Men,  
Ware, Hertfordshire.

## To-day's Events

Welsh TUC opens, Llandudno. Scottish TUC ends, Perth. European Trade Union Confederation Congress continues, London.

Dr. John Gilbert, Minister for Transport, speaks at annual dinner of Chester Labour Party.

Lord Carrington, Opposition leader in House of Lords, speaks at annual dinner of East Dunbartonshire Conservative Association.

Greater London Young Conservatives annual conference begins, Hastings.

Four-day conference on Recent Legislation and Government Intervention in Industrial Relations opens, Oxford Centre for Management Studies. First-day speakers include Mr. J. E. chairman, and David Frost. Morning, chairman, Advisory, Conciliation and Arbitration Service, and Mr. Clive Jenkins, general secretary, Association of Scientific, Technical and Managerial Staffs.

British Tourist Authority five-day conference on Group Communication opens, Grosvenor House, W.1., and will be initiated by Lord Armstrong, chairman, Midland Bank. Other speakers include Sir Alexander Glen, BTA

W.C. 11. Transport Development, Great Eastern Hotel, E.C. 12. Tyneside Investment Trust, Newcastle-upon-Tyne, 12.30. Waverley Cameron, Edinburgh, 12. Woolworth (F. W.), Café Royal, W. 11.45.

OPERA Royal Opera production of Fidelio, Covent Garden, W.C.2., 7.30 p.m.

BALLET London Festival Ballet perform Dancing Space, La Tricorne, and Graduation Ball, Coliseum Theatre, W.C.2., 7.30 p.m.

MUSIC Yehudi Menuhin and Jeremy Menuhin in concert for violin and piano of works by Bach, Bartok and Beethoven, Royal Festival Hall, S.E.1., 8 p.m.



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## Private Patients Plan







# Idbury Schweppes up % to £38.6m.

CENT increase to £38.6m. The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official dividends are not available until the Board meeting. The following are the dates of the Board meetings of the companies mentioned above, based on the latest available information.

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official dividends are not available until the Board meeting. The following are the dates of the Board meetings of the companies mentioned above, based on the latest available information.

## FUTURE DATES

Interim: Construction Holdings Apr. 29 National & Commercial Bank May 4 Standard Industrial Investments Apr. 29

## Interim: TD-DAY

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# Winn earns and pays more

PRE-TAX PROFIT of Winn Industries finished 1975, £62,000 higher at a peak £867,000 after advancing from £334,000 to £405,000 at half-way.

Yearly earnings per 25p share are shown to have risen from 3.6p to 4.3p and the dividend total is stepped up from 2.144p to 2.275p with a final payment of 1.3p net.

The company's interests lie in engineering, die casting, building materials, concrete products, packaging and printing.

Winn Industries 20 per cent. gain in profits at half-time gave way to a small decline in the second, although margins were more or less maintained, leaving an overall 7.7 per cent. rise at the pre-tax level. The results had little impact on the shares at 26 1/2p where the yield is now as high as 14 per cent. while the cover has improved to nearly two times.

This may reflect nervousness about the group's container interests, which are expected to continue to make losses until at least the end of this year depending on when an upturn in world trading occurs. Engineering and some specialist divisions, however, have helped to compensate.

Exports are up 27 per cent. largely on the soil testing equipment side while compasses are beginning to find a promising market in North America where full benefits are expected to be seen in 1977.

At end-1975, group bank borrowings had been reduced by £167,000. Net asset value stood at 68.3p (86.1p) per share.

When reporting first-half profit up from £250,000 to £265,000, the chairman, Mr. W. T. Hale, indicated "second-half profit not materially different from the first."

Stated earnings per 25p share for the year increased from 5.12p to 6.55p, and the dividend is stepped up from 1.95p to 2.05p net with a final of 1.05p.

Net profit was £400,137 (£293,641), after all charges including tax £408,144 (£292,093). The company manufactures fire-clay refractories.

The result was achieved only by a further substantial increase in export effort by all subsidiaries, says Mr. Hale.

While the record profits of 1975 may not be repeated in 1976, the variety of products, activities and markets is so wide and the diversity of factors that bear upon them so considerable, he expects that profits for 1976 "will not prove disappointing."

# £0.25m. fall at Francis Industries

AT £467,000 profits for 1975 from Francis Industries, engineering group, are substantially higher than was expected at the interim stage. They compare with £720,000 previously.

The first-half figures reflected a big loss at Clear Hooters, which was being reorganised. The manufacture of valves and horns has eased and will eliminate the source of the substantial trading losses incurred by that company.

Earnings are shown at 5.74p (7.65p) per 25p share. In view of the improved trading performance in the second half, the directors feel justified in restoring the cut made in the interim dividend. The final is 3p for a net total of 2.3p (2.35p), or an unchanged 14.1p per cent. gross.

The directors say there are indications that trading conditions may improve towards the end of this year.

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# PAKHOED HOLDING NV

An international oil-handling, transportation and property group.

"Net earnings up 12 percent last year and continued growth in earnings per share expected for 1976"

— G. Verhagen, Chairman.

Net earnings (per Fl.20 share) Fl.10-28 Fl. 9-16 Dividend (per Fl.20 share) Fl. 4-00 Fl. 3-56 Scrip issue 4% 4%

Leases its tank terminals to the oil and chemical industries in Europe, the United States and the Caribbean.

Operates in Europe in the warehousing, cold storage, freight forwarding and sea-air-road transportation industries.

Manages, develops and trades in commercial property in Europe and the United States.

Copies of the 1975 Annual Report (in English) are available from Pakhoed Holding NV, (Dept. Ft), P.O. Box 863, Rotterdam, Netherlands.

# An encouraging outlook

ts from Lord Harcourt's statement to shareholders

ear, I was able to report a factory increase in our group

ing profit, despite the extremely

at economic climate. My two

ether the rate of inflation could

ight under control, and whether

overy in asset values would be

ed.

sition today is undoubtedly more

aging. The recovery in the stock

has continued and the very high

f inflation which persisted during

f the year are gradually being

l.

values and of stock markets. For the past two years we have had unprecedented volatility in all these factors. Our response has not just been defensive: we have increased our capital base, we have achieved record growth in premiums, we are handling a greatly increased volume of business and we have devised new forms of contract for the changing needs of our customers.

If inflation can be controlled, we may expect to see British industry return to a more realistic level of profitability. However, there is still much misunderstanding about the role of profits and the fact that profits are essential to provide stable conditions of employment to generate industrial expansion and to finance improvements in State welfare. The general public has a huge stake in British industry through life policies, unit trusts and membership of pension funds and it is vital that the fundamental importance to every member of the community of an adequate level of profits should be more generally recognised and accepted.

Given the right environment, the Legal and General has the people, the ideas and the determination to achieve a high level of real and profitable growth.

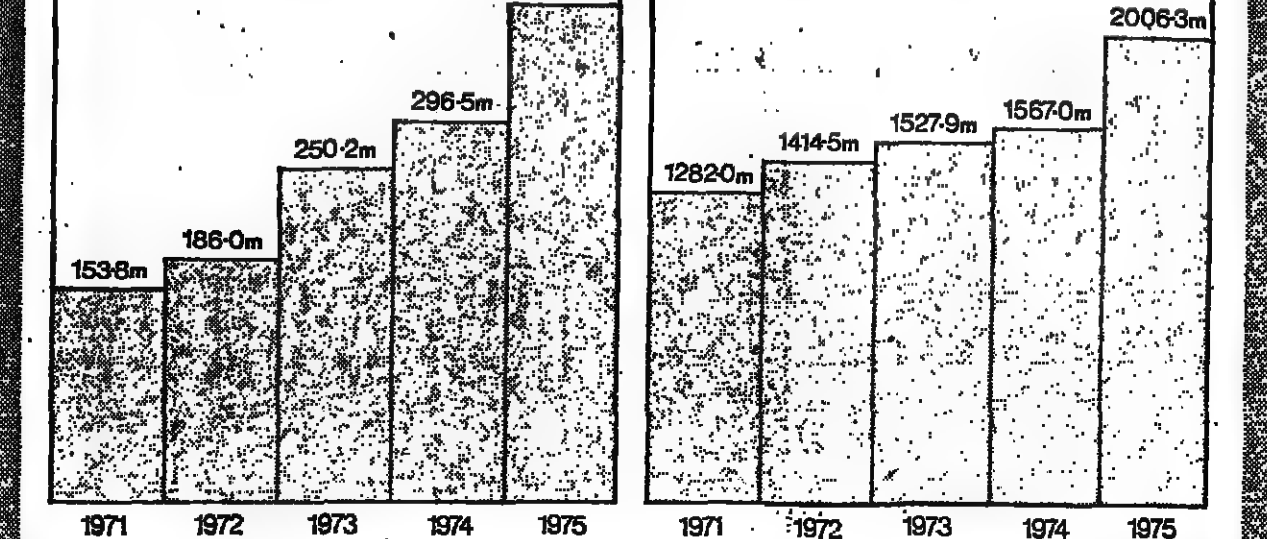
Annual General Meeting - 19 May 1976

# Highlights from the Accounts

	1974	1975
Group operating profit	£m	£m
Profits from long term business	9.4	9.7
Underwriting transfer on general insurance	6.2	6.6
Shareholders' dividends	(2.3)	(4.6)
Investment income	5.2	6.7*
Payments to policyholders	109.8	141.9
	149.8	174.7

\*on increased capital

# Five Year Progress



1971 1972 1973 1974 1975

1971 1972 1973 1974 1975

1971 1972 1973 1974 1975

1971 1972 1973 1974 1975

1971 1972 1973 1974 1975

1971 1972 1973 1974 1975

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John Neill, Legal & General Assurance Society Ltd., Temple Court, 11 Queen Victoria Street, London EC4N 4TP.

Please send me a copy of the 1975 Report & Accounts Please contact me with details of your policies

Name Address Business Tel. No. Home Tel. No.























## The tramline craze on arable farms

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

alternative means of control. In the sphere of plant breeding a great deal is already being done. Plant breeders select strains which demonstrate resistance to certain diseases and have had some notable successes. The trouble up to now has been the danger of the resistance weakening as the pathogen causes changes, alters the means of attack. It is possible though, that the development of single cell culture, "cloning" may overcome this by enabling a particular resistance factor to be fixed immutably.

Dr. Ordish also thinks that far too little attention is paid to the possibilities of introducing pre-

dators as a means of pest control. He instances the Mexican Prickly Pear, a form of cactus which someone introduced in Queensland in the 1890s. In thirty years, it had covered some 100,000 acres and was still spreading fast.

In the end, someone noticed that there was no Mexican Prickly Pear in South America, but that there were moths feeding on other varieties of cactus in Argentina. The moths were brought to Australia and, within a year, the pest had been cleared by the activities of this insect at very little cost.

In Britain, ladybirds will eat aphids, birds some other insect

pests, but so far their use has not been co-ordinated to any extent. The trouble with chemical pest control is that it is so effective in its initial application that no one seems to consider that it is worth spending time and money looking for alternative means of control. I agree with Mr. Ordish that it is time someone did.

*The Constant Pest* by George Ordish. Published by Peter Davis. £5.50.

## MORTGAGE INTEREST CUT

The Agricultural Mortgage Corporation has reduced the interest it charges for new fixed rate loans from 14 1/2 per cent. to 14 per cent. from to-day.

The rate on new variable rate loans remains at 12 1/2 per cent. per annum.

This action has been taken in the light of the abolition of stamp duty on transfers of fixed interest stocks, which reduces by 1 per cent. the cost of raising future funds for fixed rate lending.

## U.S. Markets

## Limit gains in cocoa

**in cocoa**  
**and coffee**

**and coffee**

NEW YORK, April 22.

COPPER and silver eased on renewed Commission House liquidation. Cocoa finished limit up in most months on arbitrage buying attracting speculative short covering. Trade buying on continued stronger demand Australian speculative buyers closed coffee limit up bid. Trade buying near the close raised sugar slightly, Babco reports.

Cocoa—Ghana spot 92 nom. (90). Bahia spot 90 nom. (88). May 83.20 (83.28), July 81.50 (79.60). Sept. 77.75 Dec 75.00

Coffee—"C" Contract: May 137.65 bid  
125.55; July 124.88 bid (122.95); Sept.  
133.28 bid; Dec. 119.93 bid; March 118.87.

Copper—April <sup>1</sup>70.00 (71.70), May 70.00

[illegible]

11Silver—Spot 440.00 (447.00), April

11.0	(441.50),	May	440.80	(442.48),	June
43.40,	July	446.08,	Sept.	451.48,	Dec:
80.30,	Jan.	463.50,	March	469.70,	May
75.90,	July	482.10,	Sales	6.52,	
*Soybeans—Mar 4864-4864 (4864),					
July	485-4841,	August	4862-4862,	Sept.	
303-3033,	Nov.	5112-5113,	Jan.	518,	March
224,	May	5282,			
*Soybean Meal—May 135.30-135.40					
134.40,	July	138.60-138.70	(137.60),	August	
42.80,	Sept.	141.00-141.10,	Oct.	142.30-	
42.50,	Dec.	144.10-144.30,	Jan.	144.00-	
16.18,	March	149.00-149.50,	May	149.00-	

**Soyabean: ON—May 16.42-16.43 (16.51),**  
**July 16.60-16.63 (16.71), August 16.72, Sept:**

83-1843, Oct. 16.97-16.95, Dec. 17.08-17.06, Jan. 17.13, March 17.22, May 17.23-17.35.  
 Sugar No. 11—Spot 13.55 (13.90), May 85-13.98 (13.76), July 14.07-14.12 (13.95), Sept. 14.00-14.05, Oct. 13.96-14.02, Jan. 13.98, March 13.90-13.92, May 13.89, July 13.78, Sept. 13.70-13.77, Sales 3.683.  
 Tin—\$31.00-335.00 nom., (\$32.00-336.00 nom.).  
 \*\*Wheat—May 3481-348 (3467), July 3441-344 (3451), Sept. 362-362, Dec. 373-373, March 364.  
 WYNN-DIRECT April 29 14.00-14.00

asked, Nov. 357 nom., Dec. 230 nom.

oats—May 1833 (1823), July 1594  
 asked (139 asked). Oct. 1333 asked. Dec.  
 71 bid.  
 barley—May 296 bid (228), July 2284  
 2284 bid. Oct. 2274, Dec. 2194 bid.  
 flaxseed—May 634 bid (698 bid), July 5  
 1847 asked. Oct. 633 asked. Nov. 637.  
 661 bid.  
 Wheat—SOWS 175 per cent. protein  
 content St. Lawrence 436 (4364).  
 All cents per pound ex-warehouse unless  
 otherwise stated. \* Cents per 60-lb barrel.  
 1964-1965.

Dept. of Ag. prices previous day:

Steam (n.b. NY bulk tank cars,  
Cents per ton ounce ex-warehouse.  
New "B" contract in 8's a short ton  
bulk lots of 100 short tons delivered  
n.b. care Chicago, Toledo, St. Louis and  
Louis. 18 1/2 cts per ton ounce for 50-nmcs  
lots of 90.3 per cent. purity delivered NY.  
Cents per 60-lb bushel in store 110cms  
for 55-lb bushel ex-warehouse, 3.60  
bushel lots. c Cents per 24-lb bushel.  
Cents per 25-lb bushel ex-warehouse.  
1,000 bushel lots. d Cents per 55-lb bushel  
ex-warehouse, 1,000-bushel lots.



## STOCK EXCHANGE REPORT

# Sharp setback in anticipation of increase in MLR

## Index drops 14.4 to 405.2—Falls to £3½ in Gilt-edged

## Account Dealing Dates

## Options

## First Declared Last Account

## Dealing Dates

## Apr. 3 Apr. 14 Apr. 15 Apr. 22

## Apr. 29 Apr. 30 May 12

## May 13 May 14 May 15 May 22

## May 23 May 24 May 25 May 31

## May 31 May 31 May 31 May 31

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## The Bank of England's signal

## about short-term interest rates

## and, in particular, today's

## Minimum Lending Rate shock

## the market in British Funds and

## led to exceptional falls ranging

## to 32, the loss in the short "tap,"

## Treasury 3½ per cent, 1981, at 92.

## The indicator by the Bank of

## England of a sharp increase in

## Minimum Lending Rate today's

## following marked weakness in

## sterling led to a widespread set

## back in British Funds and

## industrial share prices yesterday.

## Speculation about the amount of

## increase in MLR caused a great

## deal of uncertainty at the short

## end of the Gilt-edged sector where

## closing falls ranged up to 32. Losses

## at the lower end ranged up to 21

## and the Government's Securities

## index lost 1.75 to 61.38.

## After its five-day rise of 26.4 to

## a 25-month peak on Wednesday

## the FT 30-share index recorded

## its biggest one-day fall for 10

## months with a drop of 14.4 to

## 405.2. Selling was not particu

## larly heavy and much of the reaction

## reflected precautionary

## marking down by investors and the

## absence of support. Among the

## index constituents, unusually down

## by about 8, Tesco, sustained an

## afternoon fall of 1.2, in 21½

## following news of the proposed

## £40m. "rights" issue.

## Elsewhere, leading oil

## relative to the higher dollar

## Wall Street's optimism, but overall

## the trend was downwards. The

## FT 30-share index lost 1.2

## per cent, to 184.7.

## South African Gold shares

## rebounded after the previous

## day's sharp gains in the earlier

## dealings but ended up in the

## lower half of the market. The

## Gold Mines index lost 1.2

## per cent, to 170.8.

## lower at 243p, after 240p. Bank

## earnings. Wilson (Connolly) lost

## a penny at 51p following the

## results. Of the isolated firm

## spot, Roban jumped to 27p on

## small buying in a thin market.

## Standing at around 400p at the

## House close, ICI reacted

## sharply in afternoon dealings

## close 4 cheaper on balance at

## 395p. Fisons declined 11 to 387p.

## Kerns were also notably

## dull at 23p, down 3, on further

## consideration of the results.

## Electricals retreat

## Electrical leaders sustained falls

## ranging to 8, as in EMI, 246p, and

## Thorn Electrical, 288p. GEC

## retreated 7 to 160p, while Plesey,

## 78p, and Raytheon, 126p,

## both finished a shade above the

## day's worst with losses of 5

## apiece. BICC came back 4 to 117p

## and the new oil-paid refiners

## to 24p premium. Elsewhere,

## Pebble relieved the surrounding

## dullness with a rise of 8 to 176p.

## In 180p, reflecting the

## market, but disappointing

## annual results left Farnell Elec

## tronics, a firm spot of late, 7

## cheaper at 81p. The profits

## article failed to prevent a

## reaction of 3 to 135p in Dale

## Electric. RSR fell to 103p before

## closing a net 8 down to 103p.

## Marked down in the later trade,

## 4 companies had "Royals" down 10

## at 232p.

## Bovril was included in the

## general afternoon downturn.

## Arthur Guinness lost 3 at 121p as

## did Bass Charrington, to 16p.

## While Allied recorded 11 to 84p,

## News of the £17.5m. fund-raising

## plan left Greene King 2 off at

## 145p. Distillers ended 2 down at

## 145p.

## Buildings gave ground under

## the lead of AP Cement, which

## reacted 7 to 186p. Taylor Wood

## row, at 282p, gave up half of the

## previous day's rise of 4 which

## followed news of £100m. coal

## contract, while John Mowlem

## eased 2 to 82p despite higher

## 10. In Shoes, Gammar Sentinella

## hardened 3 to 82p on the results

## which accompanied the "rights"

## issue proposal. Ward White con

## tracted with a fall of 1 to 17p in

## front of today's results. 3. Sales

## Leading Engineering ended

## with losses to 12, this fall

## being common to Tube Invest

## ments, 22p, Hawker, 44p, and

## GKN, 32p. Vickers, however,

## was sustained by profits in

## excess of market expectations and

## hardened 1 to 122p. Elsewhere,

## John Brown fell 6 to 83p. Simon

## was similarly lower at 153p and

## Weyburn 15 down at 230p. Day

## International reacted 5 to 130p

## and GHP were 9 off at 111p

## following nearly halved profits.

## Against the dull background,

## Franchise Industries improved 3

## to 130p, the better-than-expected

## second-half, while Peter Brother

## hood hardened 1 more to 98p.

## Pearson Langmuir, that much

## dearer at 120, the latter ahead

## of the preliminary results which

## are due next Thursday. As

## sociated Book attracted interest

## following a Press recommendation

## and rose 5 to 79p. Paper/Printings

## also moved indecisively, DRG

## losing 1 to 141p. Dolan

## Smartly gained 3 to 141p. Dolan

## Packaging, too, picked up 3 to

## 67p, but Buzi Pulp, after reach

## ing 110p, reacted to close a net 2

## off at 106p.

## Property leaders weak

## The prospect of higher interest

## rates naturally took its toll of the

## Property leaders, which closed

## virtually at the day's lowest. Falls

## of 7 were sustained by Land

## Securities, 60p, and M202, 60p,

## while British Land weakened 4

## to 42p. English Property 3 to

## 42p and Town and City 13 to

## 13p. Waite and Son closed 3 higher at

## 88p, after 84p, on further specu

## lation regarding the bid approach

## from Meru Group.

## Comforted by their overseas

## earning potential, Oils closed

## only marginally easier in places.

## Burmah, 34p, finally reverted to

## overnight buying, while Shell

## after rising to 42p, initially, sub

## sequently eased to end 4 cheaper

## at 42p. Ultramar, too, fell 2

## to 176p. Thus receiving little

## benefit from their small interest

## in the latest Phillips North Sea

## oil discovery. British-Borneo

## counter in quieter Rubbers.

## Moving between extremes of

## 20p and 12p before closing, an

## unimpaired 17p. Highlands and

## Lowlands hardened 1 to 45p.

## Gold rally

## South African Gold shares re

## covered from an initial setback

## which followed the lower market

## value of £127.50 per ounce.

## Modest local Cape and

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# FINANCIAL TIMES REPORT

Friday April 23 1976

## FIRE PROTECTION and SAFETY

Fire losses continue at an alarmingly high rate. This is despite all the appeals and incentives for management to recognise the penalties of fire, the efforts of organisations like the Fire Protection Association, new legislation and greater co-operation from professions like the architects.

The 1975 fire losses, the final tally for 1974, came out at £237m. The 1975 yet not broken under £213m. It played its part just as the trend towards concentration of units has had a considerable effect on the total losses. In 1974, there were 1,433 fires caused by arsonists, 257 in 1973 and 305 in 1974. It is calculated on the 1975 provisional figures that 35p in every £100 of Gross National Product was lost through fire, which compares with 26p in 1970.

The evidence of what fire can do to individual companies is overwhelming, and it would be quite inaccurate to suggest that this has been completely lost on management. Fire, however, is a very well, but you cannot force people to read it; it takes a disaster, with appropriate publicity, to drive the message home. In similar vein, disaster films, like "Towering Inferno," have a greater impact than all the preaching in the world. A number of things have brought about a very definite increase in awareness. But of late the real spur has been the Health and Safety at Work Act under which it is possible to put senior management in prison for negligence. It is no longer sufficient to observe the maintenance and never turned through the Royal Institute of Architects is now incorporating a design to combat fire in its teachings. Perhaps one could point to another fire that helped to bring attention to bear on this matter, and that was the previous twelve regional panels planning body with the main objective of getting senior, middle and line management to understand about fire, their responsibilities to the work force under the law and the possible extent of consequential loss. With the expansion of the Panel network, there has naturally been an influx of very enthusiastic people which can only have a good effect.

Sadly, managements still concentrate on the costs of installing equipment, the loss of valuable management time and the general commercial aspects of a company. But if the Health and Safety at Work Act has to be observed—and indications are that it is being fairly vigorously applied—preserving safety of people is not too far removed from protecting equipment and assets. The two go together and at the end of the day it is a commercial subject.

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### Big losses continue

By Keith Lewis

about the problem—it is being everyone watches the building burn down. There are grounds for some optimism, however. For example, there is a healthy demand for both specialist literature and films from the Fire Protection Association, etc.—management must ensure that there are people who know how to work the equipment efficiently. And the safety of people extends beyond the employees of the company to other members of the public. There are dozens of cases which show an alarming lack of system and approach. Any risk management consultant will relate the stories of sprinkler systems turned off for use of certain materials in the design came into question. Certain industries with previously poor records have, in fact, made good progress. Plastics would probably be the best example, where insurance premiums soared to such an extent that the companies were virtually forced to find ways in which either to reduce or eliminate risk. Advice is certainly available for anyone who cares to seek it all would necessarily be involved but certainly a mixture of some of those men. Fire Liaison Panel network. It has been agreed by the Central Fire Liaison Panel to set up a county panels, as opposed to These people meet as a

planning body with the main objective of getting senior, middle and line management to understand about fire, their responsibilities to the work force under the law and the possible extent of consequential loss. With the expansion of the Panel network, there has naturally been an influx of very enthusiastic people which can only have a good effect. Sadly, managements still concentrate on the costs of installing equipment, the loss of valuable management time and the general commercial aspects of a company. But if the Health and Safety at Work Act has to be observed—and indications are that it is being fairly vigorously applied—preserving safety of people is not too far removed from protecting equipment and assets. The two go together and at the end of the day it is a commercial subject.

Managements still respond to the argument that a sprinkler installation will save up to 70 per cent of premiums. They also see that with the rising costs of insurance premiums it is sometimes appropriate to set up captive insurance companies. It is significant that once a captive is created the management's attitude tends to change for the better because the money is coming out of their own pocket. Once converted, it seems, the industrialist often becomes a giving them effective training."

#### Operation

He further rounded on executives by saying that "there can be few areas where management so effectively abrogate their responsibility for the continuing successful operation of their business to junior subordinates and third parties." And added later in his speech, "You should never ask anyone to put their life at risk to protect your property without giving them effective training."

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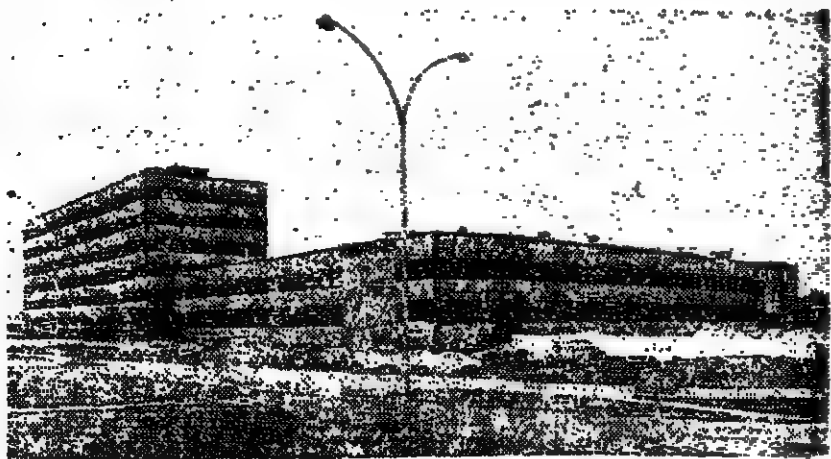
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## FIRE PROTECTION II

# Standards of safety

PUBLIC CONCERN about fire safety standards is running at a peak level. This is hardly surprising. Many modern building and insulating materials are of a highly combustible nature and modern building designs are still tending ever skywards. Public awareness has also been heightened recently by the film version of fire dangers depicted in "The Towering Inferno". But there have been plenty of real life dramas over the last five years, illustrating the way fire risks have been compounded by modern design and technology.

A paper published after the 1975 Conference of Fire Protection Associations Europe

gave details of six case histories of fires in multi-storey buildings between August 1970 and February 1974. In each case there were fatalities and in each case the cause and fury of the fires were aided by the highly combustible materials used in the construction or equipping of the building. The increased oxygen supplied by modern ventilation and air conditioning shafts also played a major part in disaster. It is perhaps doubly disturbing that the most disastrous of these fires, indeed it was one of the most catastrophic fires of all time, was the last example. It was in São Paulo, Brazil, in February 1974 at the Joazeiro

building, a construction of 26 storeys. In the conflagration which destroyed the top 13 floors, 180 people were killed. Since many of the elements which fuelled the São Paulo fire were similar to those present in the first of the six cases in 1970, it may seem that the fire prevention specialists have been slow to learn their lessons. This is not true, however. It is, in fact, very difficult to make a building fire proof. The greater the fire precautions taken, the greater becomes the total cost of construction. But the designers are also faced with another problem. It is not always possible to tell, even from laboratory

testing, what the true reaction of a particular material will be in a full-scale fire. All building materials being used in the U.K. have been laboratory tested, but such a test cannot always take into account the full circumstances of a particular fire. For example, it is not possible in a small-scale laboratory test to judge how a material will react when the fire is being fed by a strong source of oxygen. Nor is it possible to take account of the combustibility of other substances which might be in close proximity to the tested material. It follows then that if a laboratory test does not always tell the full story it can

also sometimes prove misleading. A natural fibre material might, for instance stand up much better under the force of a small laboratory fire, than one of a man-made fibre, but it is likely that the difference in resistance under conditions of a roaring blaze would be virtually negligible.

Even when the laboratory tests come up with an answer which appears irrefutable, the fire protection specialist cannot accept it wholeheartedly. Take the example of wood and steel. The former is an obviously combustible material whereas the latter is just as obviously not. However, it is possible that under conditions of intense heat a heavy wooden frame would prove a much safer support than one made from steel. Whereas wood will certainly burn if ignited, it will not buckle under a very high temperature as steel is quite likely to do.

This does not mean however, that laboratory testing is a fruitless task, only that the results of such tests should be assessed alongside several other factors and they should not be blindly accepted. Indeed, the amount of research into the flammability of materials is greater now than ever before.

Apart from the research carried out by the Government and the Fire Offices Committee (as the Joint Fire Research Organisation), the Department of the Environment has devoted a division of its Building Research Establishment to research in this field. The Fire Offices Committee has also set up its own Fire Insurers Research and the Home Office quite independently operates the Fire Service Technical College at Moreton-in-Marsh. Also, some industrial research organisations which have direct interests in combustible materials have developed testing facilities. These include the Timber Research and Development Association and the Rubber and Plastics Research Association.

All of these organisations, and many others which have sprung up in the last few years, are able to conduct valuable tests on the reaction of materials to the effects of fire, but none of them probably has the facilities required to conduct a test on the fire reaction of a whole building structure. This is a vital area for research but there are currently only two organisations in the U.K. equipped to carry out such tests. These are the Safety in Mines Establishment which follows the creation of the Health and Safety Commission in 1975, now

embraces a much wider research than the Crater Associates studying the effect of a whole building on the suitability of its structure to be accurately tested.

The Fire Protection Association has given building design a consideration in and this aspect largely in its prevention in industry. As part of the Association's efforts into small factories, each one is given a report for the fire as to how the building should be protected against

## Tasks

One of the first tasks of the fire protection specialist is to examine the design of the building, to consider the layout of the building, ventilation, any other factors which a fire throughout the building might affect. This is the replacement of timber doors with more fire-resistant materials, the placing of sun screens, etc. It should enable a fire to be contained within a part of the building's structure.

The study of the building's structure, how well the ceilings will stand fire. Certain distances between fire compartments, though perfectly sound in principle, are quickly when an group would inspect attention being taken of this type of test.

So far, it is protection specialist unable to find an answer to a fire can be prevented. After all, not allow for the part of the building which is not able to resist fire. The current asbestos situation in which can be a delay in the fire-fighting effort, long enough under control of damage is done, occupants or to itself.

# Contingency planning

CONVENTIONAL RISK insurance covering buildings, plant, stock and raw materials will do the job of financing the physical rebuilding of a business should it suffer from a serious fire, but such insurance may only cover the "tip of the iceberg" when it comes to putting the business back on its feet. Even if the plant's efficiency is reduced to nought, bills will still come rolling in and wages will have to be paid, while profitability is down to zero. Therefore there could be a serious cash flow problem before the company can regain its former level of profits.

It may be that the works can be returned to viable production reasonably swiftly, but during those lost couple of months, customers will have turned elsewhere, perhaps for good. So, even if the plant is soon restored it may be a considerable time before the company's recovery from a major setback such as a fire.

A lot of work can be done to avoid the worst effects of a fire by prevention, including the installation of equipment such as sprinklers. Similarly a lot of effort can be put in by way of contingency planning to ensure the swiftest recovery in the aftermath of a disaster. In the age of the computer, with the benefit of a vast amount of information and records assimilated in one place, it is as wise to keep this installation distant from the manufacturing area. Also, past tapes should be stored separate from the computer so that if current records should be destroyed by fire, there will be some records available, if only for insurance assessments to work on.

## Monitored

Possible alternative sites for production should be monitored, which could be purchased in order to restore production, or plans laid to turn warehouse space into manufacturing areas if need be. This work could be carried out by a "task force" set up to come into operation on the occasion of a disaster such as a fire. Likewise, up-to-date lists of contractors able to undertake repair, and suppliers of replacement plant, should be made so that swift contact can be made if necessary.

In a nutshell, management should organise a group of personnel to examine the possible consequences of varying degrees of production disruptions, and the swiftest and

easiest way to alleviate any such setbacks. Unfortunately, contingency planning tends to be ignored by all but the larger companies. But even in the smallest way some forward planning will at least equip management with a course of action when otherwise immediate reactions may be confused.

However, no matter how good contingency plans are, there will inevitably be some disruption to production and profitability, and this is where consequential loss insurance can play a vital role. Though this insurance can be arranged in a number of ways, the idea is to indemnify the insured against a reduction in profits for a set period following, say, a fire.

Consequential insurance is a particularly flexible type of cover and it is possible to get a bespoke policy to suit each company's own requirements. The most common type of policy covers gross profits. This is calculated on expected sales less raw material costs so that all costs including wages are covered. Following a fire the insurance company would make up the difference between expected profits and what the company is actually making.

Because of the sizeable amounts that are involved, premiums are often large. Many companies are therefore tempted to deviate from this straight gross profit type of cover and adjust for variables in the cover with a subsequent reduction in the premium. A fairly common adjustment is on wages. Sometimes management takes the line that wages after redundancy payments can be eliminated if the stoppage in production is for any longer than a month. However, in practice many find that even though the plant may be shut down there is a need to keep on a nucleus of skilled labour for when production resumes. So a compromise is to cover all wages for, say, four weeks then just a certain percentage of the wages bill to keep on a hard core of skilled employees.

It is essential when calculating expected future profits to allow for planned expansion and inflation, for it is an anticipated income that is insured. Equally essential is to insure for a sufficient length of time to allow profits to recover. Cover for 12 months is common, but in the event it may take two or three years before a site can be cleared, and a works rebuilt, put into operation.

tion and brought up to the level of profits it would have been making save for a fire.

While consequential loss insurance is, so far, fairly straightforward, it is flexible and can be turned to cover losses that a business might incur because of disruptions at its suppliers or customers. A fire at a major supplier or customer can be just as disastrous to a company's profits as a fire at its own works. Taking a hypothetical case, a company manufacturing power sewing machines would be in serious difficulty if its supplier of electric motors had a factory destroyed by fire. Similarly, the manufacturer of the electric sewing machine works, which represents a major customer, was subject to a serious fire. A real life case was the Flixborough disaster, which resulted in a scramble by customers to import raw materials.

## Purchasing

However, it is possible to insure anticipated profits against raw materials drying up or customers being unable to continue purchasing. This takes the form of "customers' extension" or "suppliers' extension" to the existing consequential loss policy. The cover is either arranged as a percentage of the overall sum insured or turnover against each supplier or customer, representing the possible effect on anticipated gross profits if they could no longer continue trading with the insured.

Terry Garrett

# Impact of legislation

INDUSTRY HAS had to cope with a mass of legislation in the past. The Holroyd Committee on the Fire Service, which came out in 1970, listed 38 different Acts which dealt in some way with fire protection.

A speaker at a recent Fire Protection Association conference, Mr. G. T. Rudd, noted that there were now 40 different Acts. However, there is a new Act — the Health and Safety at Work Act — which is all-embracing, even though its references to fire are not that frequent in the text. The Act came into effect on April 1, 1975. In 1970, Mrs. Barbara Castle, then Secretary of State for Employment and Productivity, appointed Lord Robens to chair a new body to look into the whole field of health and safety legislation. The Report was produced in 1972 and, in referring to existing legislation, it had this to say: "This tangle of jurisdiction is associated with a number of problems. The jurisdictional boundary lines do not coincide to provide a clear and comprehensive system of official provision for safety and health at work. On the one hand the separately administered statutes, taken together, cover nothing like the whole of the working population. On the other hand, some of them overlap in ways that create uncertainty and confusion. Worse, the fragmentation of the legislation and its administration makes the task of harmonising, servicing and updating the various statutory provisions extremely difficult; and it is difficult to see how the expertise and facilities that are available to deal with occupational hazards."

The result of Lord Robens' deliberations has received wide acclaim, not least of all from the fire preventionists. The old powers were largely restricted to structural matters and there is a lot of evidence to suggest that these are only secondary in fire control. It does not really take an expert to tell you that the things that burn are the contents, furniture and fittings and that quite often it is the smoke that kills, not just the flames.

The Health and Safety at Work Act applies to work in an entirely different way to previous laws. To quote from an appraisal of the Act by Mr. David Farnham in a Keith Ship-ton Developments document, "The law has hitherto been characterised by its application piecemeal to particular types of premises by virtue of a statutory description. This has sometimes meant the denial of statutory protection to those who could have done with it because they were not within the narrow definition of the Act. Mr. Farnham points out that as a result of the new Act about 5m. additional people are drawn into the protective net of legislation, and this includes the self-employed. The duties are not only applicable to employers but also to employees. In other words, everyone has a responsibility for everyone else's safety."

was no better means to satisfy the duty.

Employees must be provided within formation, instruction and training on the risks, and the employer must fully ensure that effective lines of communication are developed. Of course, the success of that will largely depend on the receptiveness of the workforce, since it is possible to issue pamphlets, post notices, introduce systems that would improve safety and yet fail totally in getting people to read or observe.

There are now duties imposed on everyone and personal responsibility for accidents is likely to be a hot topic in future. If a worker acts in a way that conforms with the management's thinking and an injury or death results, then clearly this is the fault of management. If, on the other hand, the worker acts contrary to the way in which he has been taught, then the fault must lie with the worker. One could imagine difficulties in a contested case, however, and it will be a matter for the courts in attempting to dispense justice.

As Mr. Farnham points out in his booklet, the Act could well result in a mass of records being kept to log the information of what training was given to whom, and when. The employer will presumably be more than tempted to do this to protect himself in the event of any legal action being taken. It is also noted that whereas the employer's general duties are qualified by the phrase "So far as is reasonably practicable, there is no such qualification of the employees' duty. He has an unqualified duty to take 'reasonable' care while he is at work."

Probably the greatest quality of the legislation is that it does not call for a simple "one-off" adjustment in standards; it imposes an on-going duty for employers and employees alike to maintain standards, and to constantly renew and update systems to cope with changing technology and conditions. So, from specifically the fire protection standpoint as fire sprinklers ensure the safety, there will also, requirement to have ment in absolute order, which sh result in a redy life.

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## FIRE PROTECTION III

## Information services

foundation, the organisations, it helps solve local problems and technical queries and is on hand for any on-the-spot information.

Some idea of the overall effort put into fire prevention by the FPA can be gauged by its financial accounts. In 1974 the FPA's total revenue amounted to £280,000—of which the insurance companies and Lloyd's put up £195,000, subscriptions to the association brought in £24,000 while sales of published material raised a further £61,000. The organisation works from a staff base of around 40 of which around two-thirds are technical staff.

The activities of the FPA break down fairly predictably across a wide range of promotional functions. It publishes leaflets and general information papers together with a bi-monthly magazine, called Fire Prevention. It runs training courses, it has made four educational films and a fifth is due for completion this year. The most recent of the FPA's information publications have concentrated on computer fire hazards and those in high rise buildings.

Although its chief concern is with fire protection within industry, the FPA also works closely with official bodies more allied to domestic fire prevention—like the public fire brigade and the Royal Society for the Prevention of Accidents. An area of operation that the fire service finds increasingly time-consuming is the advice that it gives (upon request) on the adequacy of means of escape from premises should a fire break out. The FPA has strongly welcomed the latest fire laws which give legislative protection to a wide variety of fire risks. Officers of the fire brigade will inspect shops and offices, while owners and proprietors of hotels and boarding houses must apply to their local fire authority for a fire certificate.

## Deluge

This order applies to premises providing accommodation for more than six persons, staff or guests. No lower limit is put upon accommodation above first floor level or below ground floor. There has been

a welcome deluge of fire legislation in recent years and in many areas fire laws have been successfully tightened. However, roughly four-fifths of all fire deaths still occur in the home. Headway is now being made by some fire authorities in house-to-house visits to bring a degree of education and control to home fire hazards. The fire service is continually updating and expanding its own training programmes, and due consultation is made with such fire prevention bodies as the FPA. At the senior management level there is the Fire Service College at Dorking; at the vocational and educational level there is the Fire Service Technical and Training College at Moreton-in-the-Marsh; while the Scottish School at Gullane looks after certain fire training commitments north of the border. Elsewhere, the fire service has extramural departments supplying programmes for station training.

However, as the "advice" given at the head of the article emphasised, fire prevention is most effective when it stems directly from within the organisation liable to a fire risk. For the most part industry does as little as possible to comply with legislative requirements over fire control—or at least only those requirements imposed on it, by its insurers. Industry tends to protect itself against a risk that has not been properly identified, the consequences of which have not been measured. It thus protects itself according to someone else's standards and whose interests are not necessarily compatible with the business concerned.

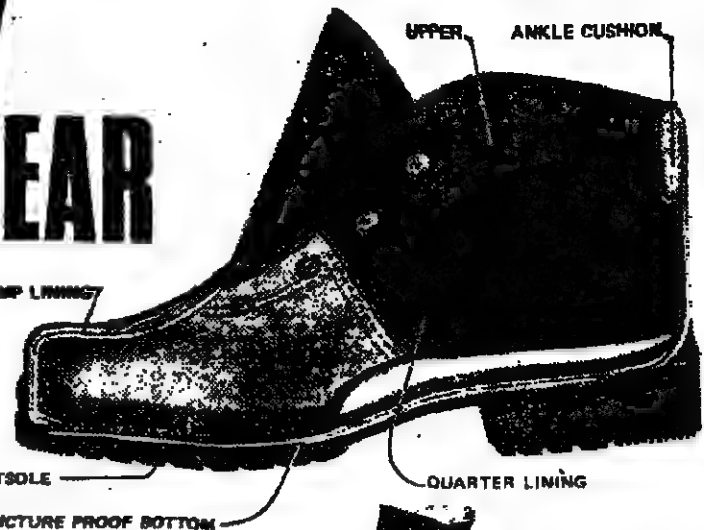
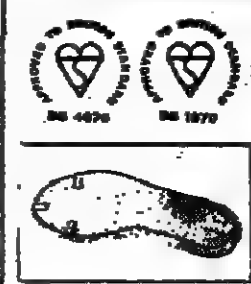
Generally speaking, there are four parties most commonly involved with industry in fire loss control. These are the insurance companies, the insurance brokers, the fire equipment suppliers, and the public fire service. The insurance companies have as their prime objective the underwriting of specific risks at a commercial profit. Their interest is financial and therefore limited. Their objectives may be similar but they are not necessarily the same as the client they insure. By the same token the prime objective of an insurance broker is to generate income via the sale of insurance, although some companies—like Brown Shipley—provide some support services for the general management of risk.

The fire equipment manufacturers can advise on their own equipment but they plainly have a vested interest in selling what may or may not be the right equipment for the particular fire risk involved. The public fire service naturally has as its prime objective the preservation of human life, with the preservation of property coming second. The fire service can and does advise, but it cannot manage any individual fire risk. There is no necessity for any fire to become a disaster. Effective fire loss control management practised continuously can guarantee that unacceptable losses will not occur because the risk will have been identified and measured while remedial action will have been taken to reduce the risk to an acceptable level. It is only when such measures are effectively practised that the fire risk is being managed and the corporate objective met.

Jeffrey Brown

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INDUSTRIAL FOOTWEAR (IRAN) COMPANY,  
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## Sprinkler systems

INITIAL CHANGES, in rise buildings, fires and larger have put an even on the various authorities, constantly being combat this growth but the sprinkler iably comes out as of fire prevention, sprinkler systems human assistance ive, accept to turn supply when the een extinguished, same time they are twenty-four hours of course, would include arson which is now accounting for a growing number of fires in this country. As such there are those that argue that the sprinkler system should be used as the last line of defence and not the first and only form of protection that is apparent in a number of cases.

These figures give a reasonable argument against the extent of water damage but the sceptics of sprinkler systems do not rest there. Explosions could cause a fracture in the water supply pipe and this could upset a system that is designed to get a certain volume of water in a certain area. Because of this latter fact it is also felt that the sprinkler system could be tended beyond its capacity in the event of a multiple fire. This, twenty-four hours of course, would include arson which is now accounting for a growing number of fires in this country. As such there are those that argue that the sprinkler system should be used as the last line of defence and not the first and only form of protection that is apparent in a number of cases.

Any way the insurance companies are clearly in no doubt about the merits of a sprinkler system for on the installation of such a system a company or organisation can obtain substantial premium reductions. The savings on insurance premiums could be as high as 75 per cent, while at the same time it is possible to obtain grants in certain areas which together with the tax allowances mean that the systems can quickly pay for themselves.

## Rebate

To qualify for the highest rebate an installation must have two independent water supplies one of which must be virtually unlimited, such as a connection from a public water supply, or from an elevated reservoir. A minimum running pressure of 25 lbs/square inch should be available at the highest sprinkler at all times. The water supply for the lowest class of installation acceptable must be capable of maintaining a pressure of 5 lbs/square inch. The approved water supplies for sprinkler installations are basically, public mains, elevated private reservoirs, automatic pumps boosting the water supply, pressure tanks and elevated tanks.

A sprinkler system with an adequate water supply, therefore, is the most efficient method of fire prevention in the eyes of

the insurance companies and indeed with the various fire protection organisations. Certainly these are proving invaluable in such areas as shopping precincts and in particular high rise buildings.

Large fires over the last three or four years in Tokyo and Rio de Janeiro have highlighted the problems of high rise buildings that are not installed with sprinkler systems. Although the buildings may conform with the various fire regulations, such as exists, in times of high occupancy people can be trapped in levels above the reach of the fire ladders. In America there have been a number of high rise disasters and much now is being carried out to combat this problem.

The growing use of larger warehouses with a greater height of stacked goods coupled with a move towards more automation has also led to a greater fire risk and here also sprinkler systems are undoubtedly the best form of defence. However, because of the height of the racks it is no longer sufficient to just install one set of sprinklers.

Without doubt then sprinkler systems are the best and most comprehensive form of fire protection equipment available to-day but the point made about the sprinkler being used only as the last line of defence does seem a valid one. It is therefore a dangerous practice to just install a sprinkler system, gain the relevant insurance premium reductions and think that is that. Fire is after all a growing hazard and industry must equally strive to find additional methods of protection if the problem is not to get out of hand.

David Wright



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Many people feel very cosy about their insurance cover. But there's often only one way you'll learn it can be a false sense of security.

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## Management attitudes

ENT APATHY to deal, let alone fire, is one of the as for the fire prevention. Executives, motivated by return employed, earnings, profits per head of not items that are cost money which wise be deployed in cash, or take-up management time.

another trait of top t that the job of \$, or buying insur- to a relatively ber of staff. So long has been appointed insurance cover of e average company. Similarly, instal- nklers system is all worthy, but quite nance goes by the system may not even ate to the circum- may be inadequate. not matter in the mind He has bought with hard cash and

that's the end of that. Fortunately, this blissful attitude is about to come to an end—the Health and Safety at Work Act will see to that. It is no longer sufficient to fob off responsibility to someone else. Top management is obliged not only to ensure employees' safety, but that of the general public. They are required to set up a system of effective communications to deal with any accident, like a fire. They are required to anticipate rather than follow to the letter a rigid set of laws. They have to make a statement of policy with regard to their internal arrangements. And if, in the event of a disaster, their systems are found to be lacking, they can now be sent to prison for their negligence.

The new Act gives colossal powers and application of the law will have a heavy loading of discretion. And the consensus of opinion is that the new Act will be vigorously applied. Small wonder, then, that management are beginning to respond. It is just unfortunate that they have to be threatened with a spell in prison—that actually has not happened yet—before anything is done about it. The risk management consultants are picking up a great number of inquiries at the moment and the Fire Protection Association is selling its literature and films at a rapid rate, and is also receiving requests for specialists to talk to workforces.

The main objective of the preventionists is to get senior executives to regard risk management, including all the aspects of fire protection, as part

and parcel of every day management; to convince them that the protection of the assets and the workforce are in many ways one and the same thing.

The benefits of such a policy are plain for all to see. Mr. Faiers of GKN, the engineering company, pointed out at a recent conference that one of the main concerns of management should be the consideration of consequential loss following a fire or disaster: "these consequential losses will include loss of turnover, possible loss of market, additional and increased overheads, the payment of non-productive and many other extraordinary and exceptional expenses, the totality of which is likely to exceed the cost of the actual physical damage." He pointed out that it is not always the size of the potential fire or explosion, but the severity of the subsequent loss.

## Temptation

There is the temptation, as mentioned before, that companies install the most obvious hardware extinguishers, sprinklers, hoses, etc., without really incorporating that into any system. As Mr. Faiers says, "Fire hoses, fire extinguishers and other fire fighting equipment, is just so much garbage unless it is designed for the hazards involved, it is maintained in good working order, and unless there are human beings available trained and ready to use the equipment effectively." He added later, rather tellingly, that "You should never ask anyone to put their life at risk to protect your

property without giving them effective training."

Mr. Faiers also had something to say about outside advisers, in that insurance brokers, insurance companies, manufacturers of fire equipment, and even the fire brigade had other objectives. "It is the responsibility of the chief executive and the managerial team to ensure as an inherent part of the normal daily duties that the risks of fire and explosion within and to the company are minimised to an acceptable level." "Fire risk management can only formerly be practised from within an organisation," he said.

The really damning indictment of management from Mr. Faiers, concerning fire risk management, stated that "There can be few areas where management so effectively abdicate their responsibility for the continuing successful operation of their business to junior subordinates and third parties." He pointed out that: "The risks are a threat to life, physical assets, materials, products, documents and those features, particularly services, which affect production or profitability."

The reason that it is worth quoting Mr. Faiers so extensively is that (a) it shows the view of enlightened management, (b) it is up to date, (c) it is a major group and, therefore, especially worth listening to and (d) there is no mincing of words. But, then, it takes harsh words, disasters—like Summerland and Flixborough—to drive the message home. Legislation is yet another spur.

Keith Lewis



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## REGIONAL MARKETS

Region	Index	Change
London	1000.00	+10.00
Edinburgh	1000.00	+10.00
Glasgow	1000.00	+10.00
Birmingham	1000.00	+10.00
Manchester	1000.00	+10.00
Cardiff	1000.00	+10.00
Belfast	1000.00	+10.00
Newcastle	1000.00	+10.00
Sheffield	1000.00	+10.00
Leeds	1000.00	+10.00
Nottingham	1000.00	+10.00
Coventry	1000.00	+10.00
Southampton	1000.00	+10.00
Reading	1000.00	+10.00
Exeter	1000.00	+10.00
Gloucester	1000.00	+10.00
Worcester	1000.00	+10.00
Hereford	1000.00	+10.00
Stirling	1000.00	+10.00
Perth	1000.00	+10.00
Forfar	1000.00	+10.00
Arbroath	1000.00	+10.00
Montrose	1000.00	+10.00
Angus	1000.00	+10.00
Ardeer	1000.00	+10.00
Greenock	1000.00	+10.00
West Dunbartonshire	1000.00	+10.00
North Ayrshire	1000.00	+10.00
Renfrewshire	1000.00	+10.00
Glasgow City	1000.00	+10.00
North Ayrshire	1000.00	+10.00
Renfrewshire	1000.00	+10.00
Glasgow City	1000.00	+10.00

## FOOD PRICE MOVEMENTS

Commodity	Unit	Price	Change
Bacon	lb	1.00	+0.05
Butter	lb	1.00	+0.05
Chicken	lb	1.00	+0.05
Eggs	doz	1.00	+0.05
Flour	50 lb	1.00	+0.05
Ham	lb	1.00	+0.05
Lard	lb	1.00	+0.05
Milk	gal	1.00	+0.05
Pork	lb	1.00	+0.05
Salmon	lb	1.00	+0.05
Shrimp	lb	1.00	+0.05
Veal	lb	1.00	+0.05
Wheat	50 lb	1.00	+0.05
Yeast	lb	1.00	+0.05

## WOOLWICH EQUITABLE BUILDING SOCIETY

### CHANGE IN INVESTMENT INTEREST RATES

Notice is hereby given in accordance with the Society's Rules that the undermentioned rates of interest will take effect on 1st May 1976:

Share Accounts	6.50%
Investment Certificates (2nd Issue)	7.25%
Investment Certificates (1st Issue)	7.50%
Savings Plan Accounts	7.75%
Deposit Accounts (Ordinary)	6.25%

### CHANGE IN MORTGAGE INTEREST RATES

With effect from 1st May 1976 the interest rates on new and existing mortgages will be reduced from 10.50% to 10.00% for the first five years of the term of the mortgage. The rate of interest on existing mortgages will be reduced from 10.50% to 10.00% for the first five years of the term of the mortgage. The rate of interest on existing mortgages will be reduced from 10.50% to 10.00% for the first five years of the term of the mortgage.

The normal effect of the reduction in interest rates will be to reduce the monthly payments on existing mortgages. The Society's Rules provide that the monthly payments on existing mortgages shall be reduced to the extent of the reduction in interest rates. The Society's Rules provide that the monthly payments on existing mortgages shall be reduced to the extent of the reduction in interest rates.

23rd April 1976  
Equitable House  
Woolwich, SE18 6LB

P. J. Robinson  
Secretary

## INSURANCE, PROPERTY, BONDS

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## OFFSHORE AND OVERSEAS FUNDS

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### NOTES

Please do not include 5 pence premium where indicated. The Society's Rules provide that the monthly payments on existing mortgages shall be reduced to the extent of the reduction in interest rates. The Society's Rules provide that the monthly payments on existing mortgages shall be reduced to the extent of the reduction in interest rates.



## FINANCIAL TIMES SURVEY

Friday April 23 1976

## Swedish Pulp and Paper

Current short-term prospects indicate a recovery for the Swedish pulp and paper industry after the leaner days of 1975. The longer term outlook is also buoyant, although problems of raw materials and energy supply still need to be solved.

Ngm  
ries

PULP and paper industry are entering a more certain phase. The EEC decision not to raise the low of 20 to 25 per cent. from tariff quotas on paper imports from Sweden this year is causing much concern. Indeed, considerable thought is being given to the future relationship with the EEC and with the European pulp and paper makers, who are still tentative and the Swedish not entirely happy about Sweden's free trade agreement with the EEC.

Last year the recession in Western Europe brought with it a considerable fall in the consumption of pulp and paper, which in turn affected the Swedish industry. Swedish deliveries of market pulp sank by nearly a third from 5.1m. tonnes in 1974 to 3.48m. tonnes in 1975. Although the pulp mills worked on average at only about three-quarters of capacity, they had to invest heavily in unsold stocks, now amounting to well over 1m. tonnes. Exports of paper and board dropped by nearly 29 per cent. while production sank by 19.5 per cent. from 5.5m. tonnes in 1974 to 4.44m. tonnes and many mills worked at only 70 per cent. of capacity. The situation varied considerably from one paper category to another with newsprint deliveries, for instance, declining by only 1.5 per cent. against a 47.7 per cent. fall in greaseproof and 42.8 per cent. in fine paper qualities. Pulp prices were even improved last year thanks to the Nordic countries' common front and to the strikes in Canada which cut back Canadian supplies to Europe, but paper prices dropped by anything up to 30 per cent. or even more.

Pulp production and deliveries continued at well below capacity in the first three months of this year but the first increases in demand were registered in April. Producers of

woodfree printing and writing grades, for instance, have been able to announce price increases of 20 to 25 per cent. from bottom levels reached last year, when prices tumbled by as much as 30 per cent. Board prices also showed the first signs of moving upwards. These improvements are, however, still tentative and the Swedish producers are resigned to another difficult year in which, however, they hope volume increases in the second half will produce sufficient earnings to compensate for their continuing cost increases.

## Poker

The pulp situation has developed into something like a game of poker between the Swedish suppliers and their European customers, who have been hoping that a combination of soaring stocks at the mills, the economic pressures on the Finnish producers and the end to the Canadian strike would bring prices down. The message from the Swedes is that they expect to maintain their prices through most of the year and to get increases of some 15 to 20 per cent. from the beginning of next year, if not the autumn. Their stocks, they believe, are going to be a source of strength not weakness, when the market recovery is in full bloom next year. Their tenacity over pulp prices has been reinforced by the Government's stock support measures, designed to maintain employment. Mills undertaking to keep employment at the level prevailing last June can get state subsidies amounting to 20 per cent. of the increase in the stock values of finished or semi-finished goods. They can also in some cases obtain advance payments of these subsidies and guarantees for financing their inventories.

## EXPANSION AND PRODUCTION PATTERN

	No. of units		Total annual capacity '000 tonnes		Average per mill '000 tonnes	
	1960	1974	1960	1974	1960	1974
Pulp mills .....	127	85	5,570	10,510	44	114
of which						
Mechanical .....	41	24	1,365	2,150	33	90
Semi-chemical .....	4	7	85	440	16	63
Sulphite + dissolving .....	51	33	2,105	2,120	41	64
Sulphate .....	31	31	2,035	6,100	66	197
Paper mills .....	76	66	2,375	5,740	79	89
of which						
Newsprint and magazine paper .....	7	7	785	1,770	112	253
Fine paper .....	13	12	200	450	15	39
Sulphite paper & greaseproof incl. .....	10	8	180	260	18	34
Soft paper .....	15	14	120	1,320	47	95
Kraft paper .....	7	7	85	440	12	63
Other paper .....	24	17	405	1,500	17	89
Board of which unbleached kraft liner .....	1	2	30	720	30	360

The pulp and paper industry paper mills grew from 31,000 to 39,000 tonnes. During this period the pace at which old equipment was scrapped accelerated, allowing for the introduction of new machines with much larger widths and higher speeds, producing standard qualities in long runs. The Swedes have, such as newsprint, sack paper, kraft liner and corrugated fibreboard, processing higher proportions of their pulp production at home. It is now widely felt that a limit has been reached in economies of scale and the pressure is on for even greater integration of the mills, a trend reinforced by the recent warning of overfelling in the forests. Swedish mills are the largest suppliers of pulp to the EEC market and the prospect is

alarming for those European papermakers who rely on Swedish pulp.

The Swedes are eager to give free trade agreement between Sweden and the EEC, which came into force in 1973, provides for progressive abolition of tariffs on paper imports from Sweden by 1984, but during the present recession both Continental and British paper-makers have been pressing for delays in the de-escalation procedures. The Brussels Commission, reacting to Swedish restrictions on shoe imports, decided not to raise the quota ceilings for Swedish paper imports this year.

Nevertheless, it is evident that the relative share of Swedish supplies to the EEC papermaking industry is going to drop. The European mills, as they increase output to meet rising consumption, will have to seek new sources of pulp, either by developing their own—there are unexploited forest reserves particularly in West Germany and France and waste paper recovery can be extended—or by helping to develop untapped sources in North America and the developing countries. (The pulp supply and raw materials situation are dealt with at greater length in other articles in this survey.) Some Swedish companies, notably MoDo have been developing plantations in these countries with the idea of selling at least part of the eventual wood and pulp output to Europe.

The Swedish Mills' sensitivity to the pulp supply question

stems from the delicacy of the relationship with the EEC, their major market. In principle the free trade agreement between Sweden and the EEC, which came into force in 1973, provides for progressive abolition of tariffs on paper imports from Sweden by 1984, but during the present recession both Continental and British paper-makers have been pressing for delays in the de-escalation procedures. The Brussels Commission, reacting to Swedish restrictions on shoe imports, decided not to raise the quota ceilings for Swedish paper imports this year.

## Natural

At stake is the Swedish pulp and paper industry's long-term relationship with the EEC. Swedish paper and board have been declared "sensitive" products in the free trade agreement, in order to allow the European industry time to reorganise and improve its competitive position, but from 1984 onwards it will be exposed to the full force of efficient, large-scale Swedish production. And it is the EEC which offers the Swedes the best opportunity for the integration and movement towards higher added value products which they must pursue to improve earnings and maintain employment. The Swedes wish this process to be as smooth as possible and to be supplemented not by a possible change of mind in Brussels about the abolition of tariffs. In typical Swedish fashion they are looking for compromises which also protect their interests.

Their basic argument is that under a natural product differentiation Sweden would continue to concentrate on the bulk

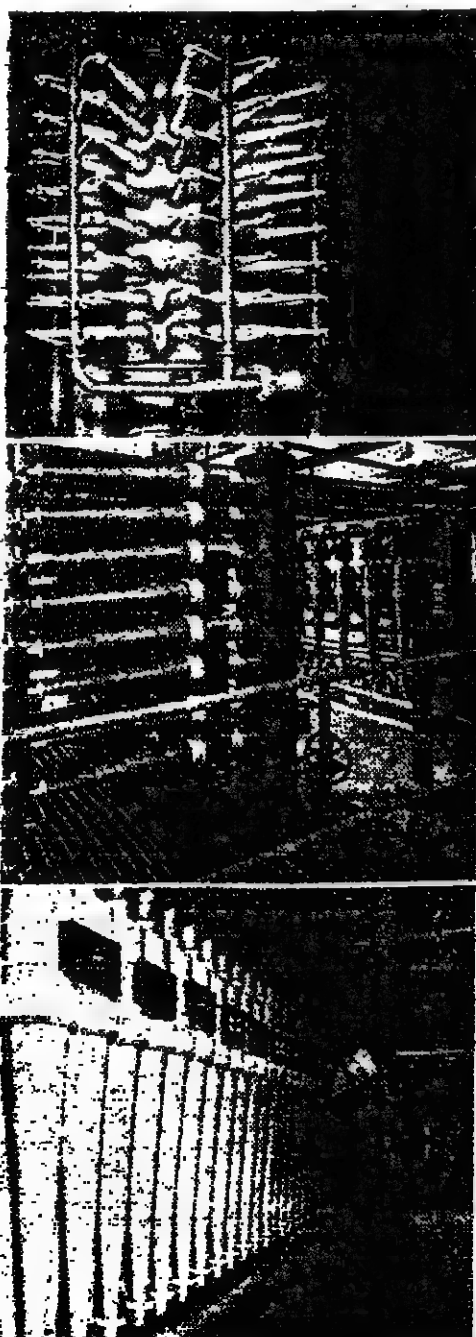
This Survey was written by William Dullforce, Nordic Correspondent

products in which it has already specialised. The more fragmented European industry would follow a process, similar to that through which the Swedish mills have already passed, of grouping into larger units. It would expand into products based on its own fibre resources and would specialise in products best produced close to the market, possibly manufactured from semi-fabricated materials imported from Sweden and the other Nordic countries. Such a scenario would open the way for long-term marketing arrangements, joint ventures and even take-overs, but for Swedish companies' forward integration into Europe faces complications.

The most immediate is the attitude of the unions, in particular the powerful Paperworkers' Union, who want integration to take place inside Sweden, providing jobs for Swedes rather than for other Europeans. They are also opposed to capital exports which do not promote employment in Sweden. In the present politico-economic climate in Sweden, where the Co-determination Bill presented to Parliament will substantially increase the power of the unions to affect management decisions and where proposals for wage-earner funds could extend union control to capital, the union attitude can be decisive. In the past the Swedish unions have chosen pragmatic rather than doctrinaire solutions, when the national interest has been clearly demonstrated, and there is every chance they could alter

CONTINUED ON NEXT PAGE

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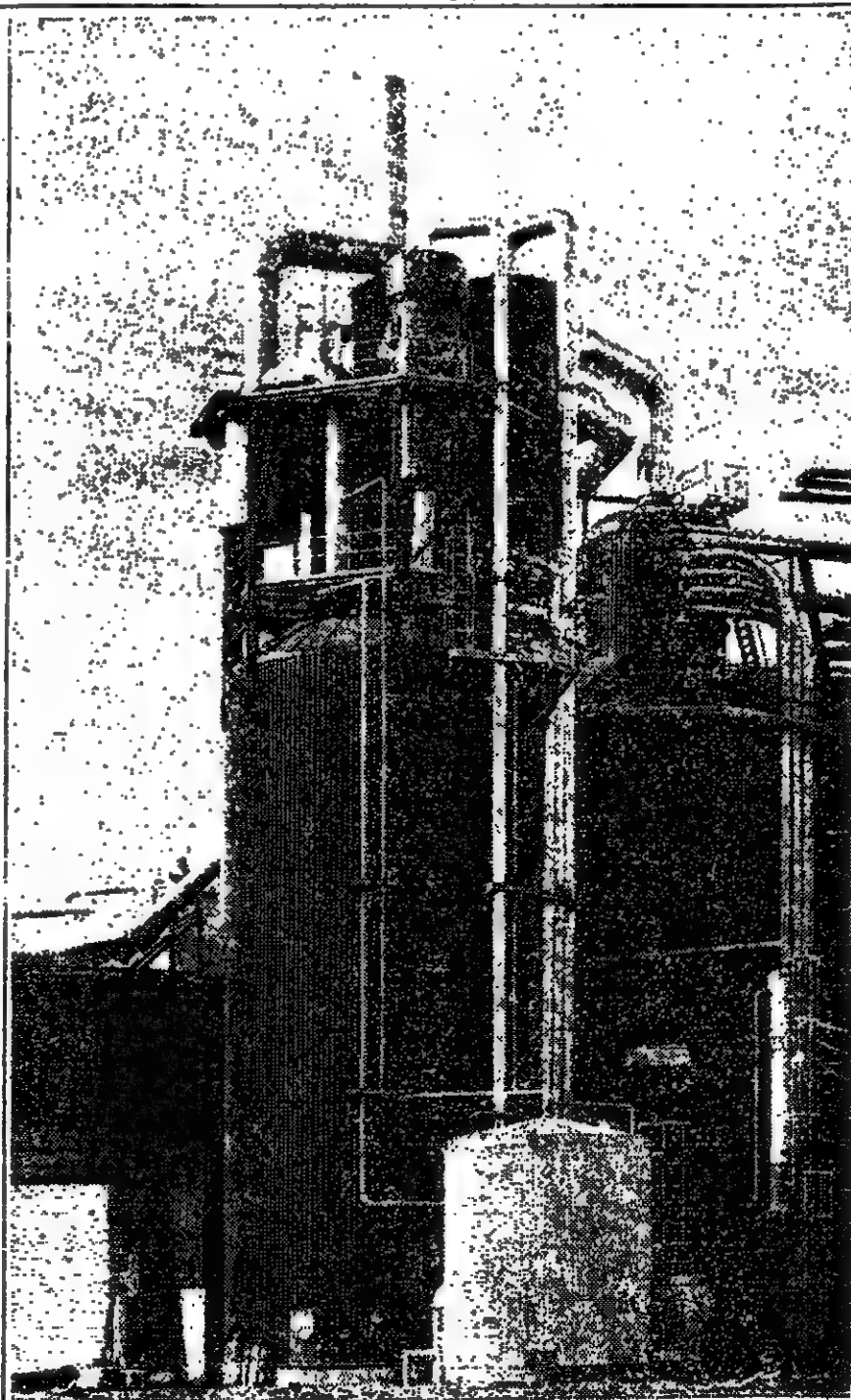
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# Raw materials policy needed

THE WOOD supply is probably the single most determining factor for the future development of the Swedish pulp and paper industry. There is general agreement that it will impose a limit to expansion but about where the limit will lie. It can almost be said that there are as many views as there are experts on the subject. The Government's forestry commission has submitted a preliminary report, indicating that the Swedish forests are being over-cut. Many papermakers consider that the report over-dramatised the situation but the Paperworkers' Union reacted with a demand for state control of timber consumption and of the future structure of the industry in order to preserve employment. Some companies have started to import wood, some have invested in forest plantations in South America and Africa, while others argue that expansion based on foreign raw materials is a high risk undertaking.

In short no long-term policy yet exists, although a policy is needed and, when finally adopted, will have a fundamental influence not only on the size and shape of the Swedish industry but also on its relations with other industries, first and foremost with the EEC papermakers. This is an un-Swedish situation and certainly by 1977, when the forestry commission is due to present its final report, some kind of consensus will have been reached and the picture will be clearer.

The current situation can be briefly summarised. In February last year the commission reported that, if the forest industry's present capacity were fully utilised, the take-out from the forests would exceed their current growth. Wood consumption during the boom year 1973/74 was 84m. cubic metres against an annual growth of 70m. cubic metres. Cutting at the rate of 84m. cubic metres a year over the next ten years would have to be followed by a reduction to an annual level of 70m. or even 66m. to arrive at a sustained yield. Company replies to the commission's questionnaire indicated that an expansion plan already authorised and normal rationalisation

of existing plant could lead to an annual demand of 90m. cubic metres during the next market boom. Expansion had to be halted and measures had to be taken to improve the forest yield by better management and silviculture and by making use of those parts of the trees at present discarded. Already in 1974 the industry and the Royal College of Forestry had started a three-year project on whole-tree utilisation (in collaboration with the Finns) with a budget of about Kr.18m. (€1.35m.). Early in 1975 the Pulp and Paper Association initiated a joint industry project to increase their use of thermo-mechanical pulp, which provides a higher yield from a given amount of wood. In May the industry announced a voluntary co-operation agreement under which the companies undertook not to increase their Swedish wood consumption beyond the 1973 or 1974 level except when an expansion of capacity had been started before March 1975 or had been officially authorised. Three regional timber committees, embracing the wood consumers, the forestry service and the forest owners, were set up to analyse the situation and help bring about agreements between producers and consumers to fit the supply situation. The aim behind the industry's move was to gain a breathing space for a more thorough survey of the wood situation and of possibilities for improving the yield. In October, in an address to the Social Democrat Party's congress, Mr. Rune Johansson, the Minister of Industry, declared that the Government regarded the industry's voluntary moratorium as only a temporary solution. The Government intended to present an overall industrial policy in 1977, when the forestry commission had published its final results. No further expansion plans beyond those already agreed would be approved until the picture had clarified. An advisory working group, comprising Government, industry and union representatives, is to prepare the ground work for the Government programme. Last month the Government presented a bill to Parliament for the re-organisation of the Forestry Board and an extension of its control organisation and normal rationalisation.

To oversimplify the situation it may be said that the forestry experts emphasise long-term prudence against short-term advantage. They want to stabilise the overall level of cuttings for some time to come, severely limiting the industry's expansion potential. Some of them believe the major companies owning their own forests and the state foresters have been overcutting, in order to take advantage of the recent high prices and cut back the interest charges in their profit and loss accounts.

## Argue

The pulp and papermakers argue that the commission's preliminary calculations assumed no improvement in silviculture and forest management techniques and left out the yield that could be obtained from better tree utilisation and greater use of recycled paper and board. It is also rumoured that a stump inventory recently conducted by the commission will show that the 1973-74 cut was less than stated in its preliminary report. Both sides agree that there must be some limitation on the increase in the felling rate and, curiously, that more wood could be obtained from the farmers, who own half the Swedish forests, if their tax position were to be eased. Here would seem to be profitable ground for agreement.

The overall picture is complicated by the fact that the real wood deficiency is in the north, where trees grow more slowly, and the mills face a lack of pulp materials. Forest expansion has been heavier in the south, to which the main weight of the sawmill industry has also shifted, adding another element of flexibility. The sawmills can be run to give from 40 to 55 per cent. chips for the pulp mills, according to conditions and prices. With pulp log prices high, some saw mills have

already started to solve the competition between logs for timber and for pulp by importing from Poland and West Germany.

The whole tree utilisation project is based on the assumption that the proportion of usable fibre material currently obtained from the tree — about 65 per cent. from the trunk — can be increased, if harvesting and pulping techniques are improved. The most recent hints from the project workers suggest that the use of the stumps could have increased the 74m. cubic metre take-out of 1973-74 by 57m. cubic metres. On the other hand there is more doubt about the value of thinnings and branches, where the bark content is high.

Foresters and industrialists appear to agree that the fastest way of increasing growth is by extending fertilisation, but this could bring a clash with the environmentalist lobby, which brought about a ban on the use of DDT as a forest insecticide from January 1 last year. Fertilisation could become a political issue. Environmentalists argue that seepage of fertiliser would affect ground water sources.

The introduction of improved seedlings and faster growing species, such as the North American lodgepole pine already being planted will, it is generally agreed, increase forest yields in the longer term, while more consistent forest management could have an even quicker effect. The South Swedish Forest Owners' Association estimates that it could improve the growth in its forests from the present 4.8 cubic metres per hectare/year to 5.3 cubic metres or by 3 per cent. within ten years by spreading the latest forest management techniques.

Swedish companies have already started importing wood and investing in alternative wood sources abroad. Three companies, Stora Kopparberg,

Korsnäs Marma and Kopparsjö, announced last year that they were thinking of starting plantations in Liberia and Gabon. Iggesund among others has been importing chips from the southern states of the U.S. for some time, while MoDo has been buying from the Soviet Union. MoDo's managing director, Mr. Matts Carlgren, is the foremost advocate of wood imports, not surprisingly in that his company obtains only about a third of its wood supplies from its own forests and is the second largest Swedish buyer of wood after the state-owned ASSI.

MoDo has a joint plantation venture with the Batistella conglomerate in Brazil, covering an area of some 40,000 hectares, of which 8,000 hectares has so far been planted, mostly with pine. The intention is to plant half the area with pine to give long-fibre pulp for kraft paper and half with fast-growing eucalyptus, which will provide a short-fibre pulp suitable for tissue paper. Mr. Carlgren calculates the total costs for imported wood chips to the Swedish pulp mills at between Kr.150 and Kr.200 a cubic metre. Even if the import is marginal, he argues, it would allow Swedish pulpmakers to extend their capacity and retain their competitive strength, when faced with competition from new mills.

## Commercial

If MoDo's short-term aim is to import chips from Brazil, it is also calculating in the longer run on selling pulp produced in Brazil to West European papermakers. At this point we encounter considerations which have as much to do with commercial policy as with forestry. The Swedish pulp and papermakers are keenly aware of the need to maintain the commercial goodwill of the EEC, whose papermakers, many of them dependent on supplies of Swedish pulp, look with a jaundiced eye at the

for greater in domestic consumer pulp. If Swede are helping to prosper industry in other countries, they are helping to prosper their own. The terms of agreement with eventually discontinue all paper and from Sweden.

Mr. Bo Rydman, director of SCA, a similar train of thought suggested in 1971 and European forest resources in joint venture countries, response.

The views of Mr. Rydman by all their to remembering that which had a true Sweden, ask there would be in joint venture wood or pulp's capital and that are high, it is quietes experi. Norwegian Be pany in Brazil a Mr. Carlgren a political risks investments abroad can be spreading the more than one.

From the ge hovering over and paper-making supply position at least one will be of little European new capital going to be whether the into forest for silviculture, a plant wood in foreign plants material price to come down.

# Fighting pollution

AS BEFTIS a nation which hosted the World Environmental Conference, the Swedes have always been well to the fore in fighting pollution. This is also true of the pulp and paper industry, whose discharges into the water and air are among the most noxious. With the outstanding exception of effluent from pulp bleaching processes, Swedish papermaking engineers claim to have the pollution problem beaten. This by no means implies that all Swedish mills have reduced their discharges to an environmentally satisfactory level and in fact the Pulp and Paper Association calculates that the industry will spend some Kr.1.5bn. (€185m.) on pollution control measures between 1975 and 1979. But it does mean that technical solutions have been found to cope with pollution by the mills and important reductions have been achieved in water pollution.

Significant as the Swedes' contribution to the techniques of reducing discharges from the mills has been, their approach to the whole issue of pollution control is perhaps even more interesting. In contrast with most other countries the authorities have not introduced official standards with which companies have to comply within stated time limits. Instead, the problem has been tackled through co-operation between the Government and the industry with the mills investing in an important joint programme. The result has been to keep up the pressure on the companies but at the same time to maintain a neat balance between what is technically feasible and economically viable.

The law states that the mills must avoid damage to the environment as far as is technically possible and within reasonable economic limits. In practice this means that other mills are expected to follow suit, when one mill introduces improved control measures at reasonable cost. Research and technical developments are made available to everyone. Recommended values are operative for air pollution, while on the water pollution side unofficial effluent values are observed.

Enforcement is achieved through the Government board which issues ten-year concessions for new industrial plants and for expansions to existing enterprises. When seeking a concession, a company has to submit a technical report, covering environmental aspects. This report is sent to all the authorities concerned, including the Environment Protection Board, which advises the Government on the suitability of the anti-pollution techniques proposed. The local county authority responsible for a thorough statistical survey of

environmental control also has the industry's environmental situation and of the technology available to solve pollution problems. In addition it undertakes research or pilot studies into eight major areas of pollution:

1. Enclosed systems in cooking, washing and screening.
2. Reducing water pollution during bleaching.
3. Evaporation and condensate treatment.
4. Accidental discharges.
5. Methods of handling and disposing of sludge.
6. Enclosed systems in paper mills.
7. Biological and chemical treatment of effluents.
8. Reducing the emission into air of harmful gases, dust and sulphur oxide.

The cost of carrying out these eight projects was far more than the Kr.27m. budget and is estimated to have involved some 300 technicians, many of them seconded by their companies. The work was done on a co-operative basis by the SSVL, the Swedish Forest Products Research Laboratory (SFFL), the Swedish Water and Air Pollution Research Institute (IVL) and the company laboratories, frequently with a technician from one company working in the laboratory of another. The results published in 1974 and on sale to interested foreigners formed the foundation for future pollution control work and investments in the Swedish mills.

SSVL is continuing work on 11 more subsidiary projects with a further two being planned, but it also took the initiative last year for the setting up of Nordmiljö 80, a three-year Kr.11m. (€1.35m.) research and development project involving the central research institutions of the Finnish and Norwegian pulp and paper industries. This is designed to analyse and develop methods for the automatic control of waste and of the additives used during pulp and paper making. The project was prompted partly by the demands now made on the mills to report regularly to local authorities on the discharge and overflows from their operations, an exercise which calls for continuous measurement and therefore is costly.

However, the plan is to link the introduction of automatic measuring techniques with the development of new steering units for internal control, which would enable the input of materials and additives to be more finely adjusted. If successful, the project should not only tighten up the internal control of pollution but could bring significant economic advantages.

The Nordic project also reflects another difference of emphasis in the Swedish

approach to pollution control, notably the U.S. Union. The control effort is treatment of the effluent rather than prevention of pollution. External treatment is very costly not only in the cost of the treatment itself but also in the cost of the raw materials used. They applied, meant only while native existed, tion of the recycling of a liquor residue: Swedish metha

Invested  
Altogether, figures supplied by the Swedish industry investment environmental measures during period, and the ten-year period expected to reach in addition 2 automatic emphasis is b solving the ble Three main ap discerned.

The Uddeh which earlier method for col smelling gases, sulphate pulp destroying then is operating at hall plant a pill This is now to full production successful it co consumption a cubic metres p and substantial BOD pollutant the discharge materials.

Towards the a report should a two-year proj in co-operation which entails bleaching waste recovery system been pioneers in ing techniques proceeding on t discharges by chlorine stage bleaching stage. Thirdly, exy being made on digestion of the more lignin, alk fleation of it bleaching process is to reduce waste to a poi be treated by methods mentio ion exchange syst into the recovery



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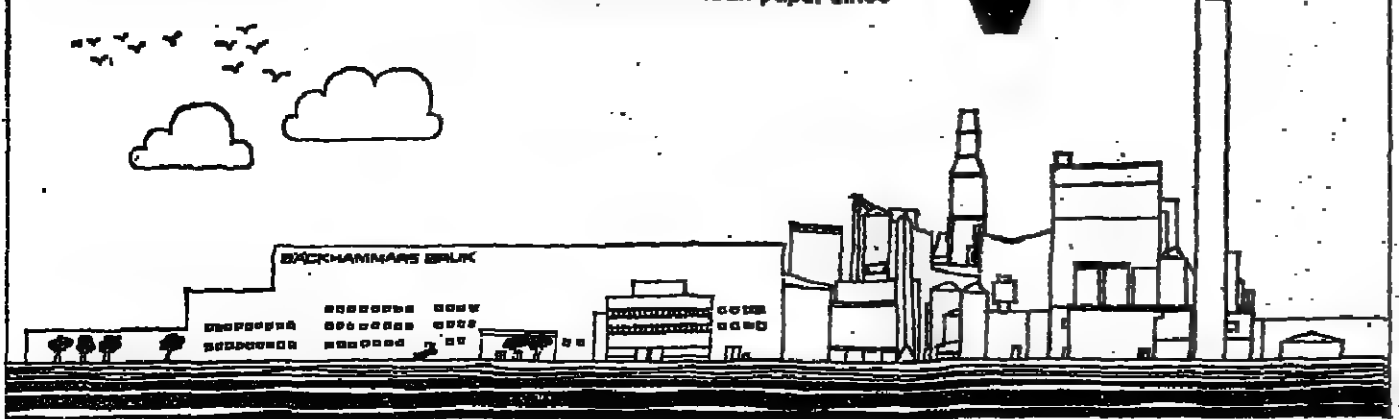
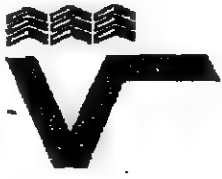
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# Recovering the waste

the first country which are already established in the field and have adequate recovery, a measure known as non-profit making. It is said to reflect organisations which have been at the discipline of the running "genuine" collecting the seriousness with operations will also be allowed to continue.

As far as the households are concerned, compulsory separation applies only to newspapers and periodicals. This represents a major importer of the area where the biggest advance can be made. The total consumption of newspaper and magazine paper in 1974 was 435,000 tonnes, of which only 140,000 tonnes were recovered, households contributing a mere 80,000 tonnes. The industry calculates that it should be possible to recover a further 150,000-200,000 tonnes a year.

A fairly large number of companies with plant for sorting and baling are already engaged in the waste recovery field with about ten of the bigger ones functioning as wholesalers, selling waste paper to both Swedish and foreign mills. Smaller quantities are collected by charitable organisations and sports associations.

## Doubled

The total consumption of waste paper in Sweden is expected to be more than doubled between 1974 and 1980 from 345,000 tonnes to about 800,000 tonnes. The board manufacturers will continue to expand their use of waste corrugated fibreboard and solid board, but there is less to be gained in this field, since between 55 and 60 per cent of the consumption of fibreboard and solid boxes is already collected.

Both the Government and the mills are confident that the public will obey the law and that household refuse will be properly sorted before collection. An earlier pilot project in the town of Örebro, in which householders were asked voluntarily to sort into three categories, paper, glass and metal, is already a local monopoly, and recovery merely ex-nopony. It stipulates that the local collecting firms, paper mills, while welcoming

## UTILISATION OF WASTE PAPER IN SWEDISH PAPER AND BOARD PRODUCTION

	1975	1974
tonnes	tonnes	tonnes
Waste corrugated fibreboard and solid board	142,000	159,000
Newspapers and periodicals	30,000	30,000
Other qualities	82,000	97,000
<b>Total</b>	<b>315,000</b>	<b>346,000</b>

Source: Swedish Pulp and Paper Association.

the new Act, to underline that they must be assured of a continuous and reliable supply of waste if they are to invest in the de-inking and other re-treatment equipment needed. They have pointed out that the local authorities or their appointed agents should not start collecting from households until they have reached long-term agreement with the mills. Such agreements inevitably raise the question of the price to be paid for waste paper. The mills accept that the price must be related to that of virgin pulp and more stable than has been the case on the Continent and in Britain. The current price for newspaper and periodicals waste free mill averages Kr.275 (234) a tonne, which is roughly in balance with the cost of virgin pulp.

The mills are anxious to avoid the kind of stockpiling and consequent pressure on working capital which British paper-makers have experienced during the past year or so. The common practice in Swedish mills is to keep raw material stocks equivalent to about six weeks' production, and they believe the same practice should apply to waste paper.

Most mill managers planning production based on waste feel that the new Act will offer them a more secure supply than the "fraser market system" operating elsewhere in Europe. The mills are already planning to co-operate in a transport system from the waste collection centres. As with timber transport this will take the form of a joint organisation but of country-wide arrangements.

which is a joint venture between SCA and the American St. Regis company, started to use corrugated fibreboard cartons and waste from the corrugated fibreboard industry.

Holmens has invested Kr15m. (11.9m.) in the first stage of its de-inking and recovery plant, which will take 40,000 tonnes a year of newspaper and periodical waste. A further Kr15m. will be invested in a second stage to double intake, allowing some 12 per cent of Holmens' total newspaper production to be based on recovered materials. Stora Kopparberg has invested about Kr14m. in the recovery plant at its Kvarnsveden mill to give an initial capacity of 25,000 tonnes recycled newspaper, which will eventually be increased to about 100,000 tonnes a year.

Holmens calculates that the cost of collecting the waste and taking it to the baling station is about Kr100 a tonne. Sorting and baling costs roughly another Kr100 a tonne, and the investment in the baling and sorting equipment would bring costs to Kr220-230, leaving a relatively meagre profit for the collector from the average free mill price of Kr275 a tonne. However, the present collecting system allows a lot of room for rationalisation, which will be more easily achieved when the waste recovery Act is applied and each collecting authority or firm holds a monopoly in a given area.

Exports of waste paper which have sounded out European paper-makers about co-operating in the waste paper field. It has been suggested that Sweden could import some 200,000 tonnes a year from Europe in the 1980s. The argument for co-operation (which tallies with the theory of division of labour and products in a free trade area) is that the European paper industries, including the British, are already using a very high proportion of waste. After being recycled two to three times paper introduced in this way needs to have virgin pulp added. There should thus be an advantage for the Europeans if the Swedish mills took over their over-recycled material for mixing with virgin pulp.

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## Export problems

ISH pulp and paper export policy towards the EEC, is to delivery and price which is essential for planning and de-

its own and the mills. Few Swedish mills would quarrel with the policy and one cut after another not the competitive free market — but the need for with the continuing British producers' attitude is one of strong criticism from some of the small European depend on supplies pulp. At the same time, the Swedish paper companies to be unscrupulous against the Commission and Council of Ministers, year to freeze all the ceilings on paper and board.

was unhappy for and paper exports falling by roughly the 1974 peak to 1.1bn. (£1.45bn.), but compensations which for the future, pulp declined by 1 in volume but by 5 per cent, in and board exports hand dropped by 10 per cent, in value. The success of the price of pulp slump in demand quarter of the

and policy played a success. The to reduce for stock to come down in demand from the. It worked be-

Nordic producers from front against to divide them. The Swedish have been able to finance from their good and from government support measures. of luck came with the Canadian mills, not fewer supplies for Europe, and full-tarif of 12 per cent on the rate in the second year, which brought the prices more in the Swedish. The very in demand in the industry, which

is consequently taking more Canadian pulp, has also favoured the Swedes' policy and strengthened their chances of getting through 1976 without a price cut.

The Swedish mills are the biggest suppliers of market pulp to the EEC paper industry. Their policy hurts the small, non-integrated producer, whose selling prices have tumbled and who may not have the cash resources of the larger companies to tide him over the recession. It can be argued that the Swedes' tough price line is promoting the restructuring of the European paper industry which was fore-shadowed by the EEC Commission, when it signed the free trade agreement with Sweden, and that it is merely hastening the step towards larger, more efficient mills, which the European paper-makers must take, if they are to remain competitive.

Swedish paper men tend to get impatient about the slowness with which the Europeans are tackling the fragmentation of their industry among too many unprofitable units.

Nevertheless, the European paper makers have not been amused by the joke that it would pay to buy up paper on the continent, cook it and re-sell it as pulp. For much of last year the relationship between pulp and paper prices was awry and Louis de Meuse, managing director of the Belgian paper company, Interim, complained to Swedish journalists that, at the same time as the Swedish mills kept pulp prices high, they cut prices in the fall of paper prices. He commented ironically about reports that the Swedish companies were contemplating investing in new paper machines. Mr. E. Ten Duis, President of the Dutch KNP concern, warned that the EEC would protect its paper industry and noted that the freezing of the quota ceilings on paper imports from Sweden could be only the harbinger of further counter-measures.

The EEC/Swedish free trade agreement, listing paper and board as sensitive products, stipulated that EEC tariffs on them would be abolished over a transitional period of 11 years, with indicative ceilings, due to rise by 5 per cent, each year, are applied to all important paper products with the exception of newspaper. If the ceiling is exceeded, the EEC can apply the full-tarif of 12 per cent on the extra quantities.

Before the discussion of the 1976 ceilings last year the Swedes, aware of the effect of the recession on EEC paper sales, had expected that they

would not get the full 5 per cent rise on all qualities. However, just previously Sweden had imposed restrictions on shoe imports on the grounds that the shoe exports declining by only 1.5 per cent to 881,000 tonnes. A industry had to be preserved for reasons of defence. The EEC Commission took the opportunity to retaliate by freezing all the ceilings on paper imports from Sweden at their 1975 levels, while raising most of those on imports from Finland and Norway.

The practical effect will be marginal since few Swedish paper products are likely to break through the ceilings this year, but the Swedes are worried that they will not recover the 5 per cent quota increase they lost this year and will suffer discrimination in 1977 and later years, when the ceilings may well be pierced. Mr. Carl Lidbom, the Minister of Trade, is due to have talks in Brussels towards the end of May or beginning of June, during which the Swedes hope to have the matter cleared up. Mr. Lidbom's visit may well be the occasion for some serious discussion about future relations between the Swedish and EEC pulp and paper industries.

## Different

The situation for Swedish exports to Britain is slightly different. Before Britain joined the EEC imports from Sweden were free of tariffs under the provisions of EFTA. Tariffs for paper and board were re-introduced on January 1, 1974 after Britain had become a member of the EEC. The tariff rate will rise from 3 to 8 per cent on July 1, 1977, after which it will be reduced in line with the schedule for the other EEC countries. Britain (and Denmark) can, however, import paper duty free from Sweden within agreed quotas, which also rise by 5 per cent a year. Some of these quotas were exceeded in 1975, which the Swedes read as proof that the quota system is inadequate. In a letter of intent in 1972 Britain limited its obligation to apply the duty-free quotas and last year, after a request from the British paper industry that the quotas should not be increased at all in 1976, the British Government agreed to raise them for only a few products. Talks should have started last year on a revision of the British letter of intent but were postponed until this year.

Swedish paper exports to Britain dropped by 35 per cent last year, about the heaviest decline among the EEC countries, which together took 2.1m. tonnes of Sweden's total paper

and board exports of 2.7m. tonnes. Newsprint, another of the Swedish mills' bulk products, did best among the paper qualities with total exports declining by only 1.5 per cent to 881,000 tonnes. A minor slump in the autumn kept the total down and deliveries during the first two months of this year were 27 per cent down on the amount delivered during January and February, 1975, but the mills' report an improvement in orders.

They are not, however, satisfied with prices, although they have more than doubled over the past two years. On May 1 the Swedes, together with other Nordic suppliers, are raising the price of newsprint on the British market from £173 to £188 per tonne of 50 gr. paper, an increase motivated by the fall in the value of sterling and rising costs at the mills. Suppliers are already talking about further increases this year.

In some other qualities there have been faint stirrings in demand during the first three months of this year without any really significant increases to motivate the price rises. The Swedes are eager to make in order to recapture ground lost last year. In 1975 fine paper prices dropped by as much as 30 per cent, with a 45 per cent fall in export deliveries. Kraft paper, another bulk Swedish product, declined 37 per cent in volume and some 15 per cent in price. As late as December the Nordic suppliers were forced to drop Kraftliner prices by 12-15 per cent, after a surprise reduction by the Americans.

A survey carried out by the Swedish Central Statistical Bureau in February indicated that the Swedish mills anticipate a 22 per cent increase in the value of pulp exports this year and a 24 per cent increase in paper and board, to give a total export value of Kr14.4bn. (£1.8bn.) against Kr11.7bn. in 1975. In each case the real recovery is expected to come in the second half of the year.

Stocks of pulp at the end of 1975 were 1.15m. tonnes and have grown somewhat since. The mills do not anticipate any significant fall in the stocks this year and affirm their intention of carrying the bulk over into 1977. Production should be well below full capacity but high enough to account for the 22 per cent rise in export value without a price increase. In the paper and board qualities, on the other hand, higher prices are expected to account for a larger proportion of the increase in export income.

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### FROM OUR PROGRAMME:

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# Fläkt

AB Svenska Fläktfabriken

Fläkt Industrial Group

AB Svenska Fläktfabriken, Fack, S-104 60 Stockholm, Sweden

In the United Kingdom:  
SF Air Treatment Ltd., London-Staines







**TRUSTS—Continued**[illegible][illegible]

Year	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2463	2464	2465	2466	2467	2468	2469	2470	2471	2472	2473	2474	2475	2476	2477	2478	2479	2480	2481	2482	2483	2484	2485	2486	2487	2488	2489	2490	2491	2492	2493	2494	2495	2496	2497	2498	2499	2500	2501	2502	2503	2504	2505	2506	2507	2508	2509	2510	2511	2512	2513	2514	2515	2516	2517	2518	2519	2520	2521	2522	2523	2524	2525	2526	2527	2528	2529	2530	2531	2532	2533	2534	2535	2536	2537	2538	2539	2540	2541	2542	2543	2544	2545	2546	2547	2548	2549	2550	2551	2552	2553	2554	2555	2556	2557	2558	2559	2560	2561	2562	2563	2564	2565	2566	2567	2568	2569	2570	2571	2572	2573	2574	2575	2576	2577	2578	2579	2580	2581	2582	2583	2584	2585	2586	2587	2588	2589	2590	2591	2592	2593	2594	2595	2596	2597	2598	2599	2600	2601	2602	2603	2604	2605	2606	2607	2608	2609	2610	2611	2612	2613	2614	2615	2616	2617	2618	2619	2620	2621	2622	2623	2624	2625	2626	2627	2628	2629	2630	2631	2632	2633	2634	2635	2636	2637	2638	2639	2640	2641	2642	2643	2644	2645	2646	2647	2648	2649	2650	2651	2652	2653	2654	2655	2656	2657	2658	2659	2660	2661	2662	2663	2664	2665	2666	2667	2668	2669	2670	2671	2672	2673	2674	2675	2676	2677	2678	2679	2680	2681	2682	2683	2684	2685	2686	2687	2688	2689	2690	2691	2692	2693	2694	2695	2696	2697	2698	2699	2700	2701	2702	2703	2704	2705	2706	2707	2708	2709	2710	2711	2712	2713	2714	2715	2716	2717	2718	2719	2720	2721	2722	2723	2724	2725	2726	2727	2728	2729	2730	2731	2732	2733	2734	2735	2736	2737	2738	2739	2740	2741	2742	2743	2744	2745	2746	2747	2748	2749	2750	2751	2752	2753	2754	2755	2756	2757	2758	2759	2760	2761	2762	2763	2764	2765	2766	2767	2768	2769	2770	2771	2772	2773	2774	2775	2776	2777	2778	2779	2780	2781	2782	2783	2784	2785	2786	2787	2788	2789	2790	2791	2792	2793	2794	2795	2796	2797	2798	2799	2800	2801	2802	2803	2804	2805	2806	2807	2808	2809	2810	2811	2812	2813	2814	2815	2816	2817	2818	2819	2820	2821	2822	2823	2824	2825	2826	2827	2828	2829	2830	2831	2832	2833	2834	2835	2836	2837	2838	2839	2840	2841	2842	2843	2844	2845	2846	2847	2848	2849	2850	2851	2852	2853	2854	2855	2856	2857	2858	2859	2860	2861	2862	2863	2864	2865	2866	2867	2868	2869	2870	2871	2872	2873	2874	2875	2876	2877	2878	2879	2880	2881	2882	2883	2884	2885	2886	2887	2888	2889	2890	2891	2892	2893	2894	2895	2896	2897	2898	2899	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[illegible][illegible]**MINES Continued**

**FAR WEST RAND**

High	Low	Stock	Price	%	Net	Chg	Vol	High	Low	Stock	Price	%	Net	Chg	Vol
108	105	Raytheon Inc	560	+10	100	1.3		108	105	Raytheon Inc	560	+10	100	1.3	
350	345	Baldwin	960	+10	100	1.1		350	345	Baldwin	960	+10	100	1.1	
100	98	Boeing Co	100	+10	100	1.1		100	98	Boeing Co	100	+10	100	1.1	
530	520	Downstream Rl	410	+10	100	1.4		530	520	Downstream Rl	410	+10	100	1.4	
100	98	East Steel Rl	750		100	1.7		100	98	East Steel Rl	750		100	1.7	
160	150	Elmer of Cog Mfg Inc	30	-2	100	1.5		160	150	Elmer of Cog Mfg Inc	30	-2	100	1.5	
100	98	General Rl	100	-2	100	1.5		100	98	General Rl	100	-2	100	1.5	
35	34	Harbortel Rl	615		100	1.4		35	34	Harbortel Rl	615		100	1.4	
35	34	Intel Gold Rl	480		100	1.4		35	34	Intel Gold Rl	480		100	1.4	
100	98	Johnson Rl	400	+5	100	1.3		100	98	Johnson Rl	400	+5	100	1.3	
130	128	Shillington Soc	175	+6	100	1.2		130	128	Shillington Soc	175	+6	100	1.2	
100	98	Viac Vac Rl	320	+4	100	1.0		100	98	Viac Vac Rl	320	+4	100	1.0	
100	98	Wm. H. Brown Rl	220	+4	100	1.2		100	98	Wm. H. Brown Rl	220	+4	100	1.2	
165	160	Wm. H. Brown Rl	215	+5	100	1.4		165	160	Wm. H. Brown Rl	215	+5	100	1.4	
175	170	Western Deep Rl	230	+7	100	1.0		175	170	Western Deep Rl	230	+7	100	1.0	
190	185	Western Rl	220		100	1.0		190	185	Western Rl	220		100	1.0	

**O.F.S.**

70	75	Pr State Dev. Soc.	125	+18	Q14c	1.6	7.2
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20	512	F S Gaudin 50c	614	+3	26c	1.0	0.9
20	512	F S Scipians RI	614	+4	26c	0.9	0.9
25	295	Harrington 50c	614	0	26c	0.9	0.9
25	295	Lorraine RI	614	2	26c	0.9	0.9
25	300	Pres. Grant 50c	614	2	26c	1.0	0.9
13	700	Pres. Grant 50c	614	+15	26c	1.2	1.2
22	612	St. Helena RI	750	+14	26c	1.0	1.0
74	86	Unsel	112	-2	26c	1.1	1.1
50	220	Wellman 50c	280	+5	26c	1.1	1.1
25	374	W Holdings 50c	280	-1	26c	1.1	1.1

30	1315	Ang. Am. Cca 50c	430	.....	MO38c	2.8	5.2
75	1235	Ang. Amer 10c	264	+7	CF3c	0	6.9

[illegible]

11 1/2	770	Patino NV Fla.5	51 1/2	+ 1/2	QC40c	10 1/2	1.1
10	480	Hand Selection 30c.	560	+10	Q75c	1.6	7.9

[illegible]

95	.68	Bishop's Pk. 10	92	.....	104.5	2.7
96	198	De Groot M. 5	224	+5	Q28c	7.4
97	850	De Groot P. 15	210		Q201c	11.8

17	69	Lydenburg 12.5c	162 1/2	102 1/2	1 1/2	1 1/2		
28	68	Port. Plat. 2 1/2c	17 1/2	10 1/2	1 1/2	1 1/2		
38	90	Union Plat. 10c	13 1/2	10 1/2	1 1/2	1 1/2		
48	88	Waterfall 5c	13 1/2	10 1/2	1 1/2	1 1/2		

**CENTRAL AFRICAN**

27	75	Coronation 2 1/2c	20 1/2	3	10 1/2	2 1/2		
37	80	Falcon 10c	90	10 1/2	1 1/2	1 1/2		
47	85	Globe 10c	10 1/2	1 1/2	1 1/2	1 1/2		
57	23	Rho. Corp. 12 1/2c	14	1 1/2	1 1/2	1 1/2		
67	11	Rho. Corp. 12 1/2c	14	1 1/2	1 1/2	1 1/2		

118	Room Cont. 84	180	+10	\$180	4.7	7.7
75	142 Temporary 50p	162	+2	\$162	1.2	2.2
68	65 Lic. Prof. 80p	65	---	09	28.0	11.6

[illegible]

14	Metamax 30c	29	14	1	1	1
200	ALL M. Filings 50c	29	14	1	1	1
70	M. L. 12c	29	14	1	1	1

128	Monmouth 1K	2			
138	North E. Hill St.	164			
148	North King 20-	2	Q9c	1.4	3.6
158	Outbridge SA1	72			
168	Pacific Cppr. 2p	+1	109c	1.3	7.3
178	Portland 15c	+4			
188	Portland 15c	+50			
198	Portland 15c	+50			
208	Polio-Valds 150c	+5	Q15c	0	1.7
218	Portland 15c	270			
228	Valds Mtr. 50c	9			
238	Westmtn 10c	7			

72	134	W. Mining 50c	161	+4	100	0.00
54	36	Whim Creek 50c	45	+1	—	—

TINS							
95	28	Amul Nigeria	30	+2	5.62	1.4	28.8
96	160	Ayer Kham	23.6		123.0	1.6	9.0
97	17	Beryl Tin	27	+2	213.70		10.3
98	515	Bongal Steel	38.55	+5	408.22	3	2
99	16	Ex Lands 10p	14		25	3.8	16.5
100	155	Gold	22.0		212	2.9	—
101	12	Gold & Base 12-3	10		—	—	—
102	170	Kopeng Cons.	22		211.0	1.3	—
103	64	Manioc	716		—	—	—
104	56	Nixie 10p	72		7.35	4	15.9

7	6	Junior 12g	6	1	1	1
97	31	Knouting 10p	1830	\$7.0	12	1
95	135	Ellisball	1830	0.00	1	1

10	247	London Tin 30p	165	-2	47.0	1.5	6.5	-
12	248	Malay Shipping	237	+2	10.7	2.0	8.1	-
14	20	Petaling	26	-	Q224	-	21.4	-
16	20	Perakum 10p	50	-	7.0	1.5	15.5	-
18	204	Peraling S&I	168	-	-	-	-	-
20	204	Perakum 10p	50	-	-	-	-	-
22	101	Perakum 10p	50	-	-	-	-	-
24	101	Perakum 10p	50	-	-	-	-	-
26	101	Perakum 10p	50	-	-	-	-	-
28	101	Perakum 10p	50	-	-	-	-	-
30	101	Perakum 10p	50	-	-	-	-	-
32	101	Perakum 10p	50	-	-	-	-	-
34	101	Perakum 10p	50	-	-	-	-	-
36	101	Perakum 10p	50	-	-	-	-	-
38	101	Perakum 10p	50	-	-	-	-	-
40	101	Perakum 10p	50	-	-	-	-	-
42	101	Perakum 10p	50	-	-	-	-	-
44	101	Perakum 10p	50	-	-	-	-	-
46	101	Perakum 10p	50	-	-	-	-	-
48	101	Perakum 10p	50	-	-	-	-	-
50	101	Perakum 10p	50	-	-	-	-	-
52	101	Perakum 10p	50	-	-	-	-	-
54	101	Perakum 10p	50	-	-	-	-	-
56	101	Perakum 10p	50	-	-	-	-	-
58	101	Perakum 10p	50	-	-	-	-	-
60	101	Perakum 10p	50	-	-	-	-	-
62	101	Perakum 10p	50	-	-	-	-	-
64	101	Perakum 10p	50	-	-	-	-	-
66	101	Perakum 10p	50	-	-	-	-	-
68	101	Perakum 10p	50	-	-	-	-	-
70	101	Perakum 10p	50	-	-	-	-	-
72	101	Perakum 10p	50	-	-	-	-	-
74	101	Perakum 10p	50	-	-	-	-	-
76	101	Perakum 10p	50	-	-	-	-	-
78	101	Perakum 10p	50	-	-	-	-	-
80	101	Perakum 10p	50	-	-	-	-	-
82	101	Perakum 10p	50	-	-	-	-	-
84	101	Perakum 10p	50	-	-	-	-	-
86	101	Perakum 10p	50	-	-	-	-	-
88	101	Perakum 10p	50	-	-	-	-	-
90	101	Perakum 10p	50	-	-	-	-	-
92	101	Perakum 10p	50	-	-	-	-	-
94	101	Perakum 10p	50	-	-	-	-	-
96	101	Perakum 10p	50	-	-	-	-	-
98	101	Perakum 10p	50	-	-	-	-	-
100	101	Perakum 10p	50	-	-	-	-	-

52	48	7.0	45	+3	4.29	0.6	7.5
	58	7.0	92	+1	4.29	0	7.2

COPPER						
42	Bismarck RST 22	56	+2	—	—	—
170	Mexican 20.50	258	+5	Q35c	1.9	8.1

MISCELLANEOUS						
8	Bureau Erie 174p	5	—	m2.5	—	1.9
320	Chenille 10	257	—	—	—	—
530	Coxs. Kureh. 10	849	+10	Q80c	1.8	5.6
28	Laurens	32	—	—	—	—
245	Northgate CN	350	+10	Q25c	8.9	3.6

9	178	RTZ	232	-4	5.42	9	3.6
2	85	Enigma Ind. CSI	92	+5	-	-	-
15	610	Tara Exptn SI	612.3	-2.3	-	-	-

88	Nylon Com. CSI	217	+3	—	—	—
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### NOTES

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Unless otherwise indicated, prices and net dividends are in cents and conversions are 25¢. Estimated price/earnings ratios and covers are based on latest annual reports and accounts data, where available, are updated on last-quarter figures. They are adjusted to a P/E of 20 per cent. NYOs are calculated on the basis of

< distribution; bracketed figures indicate 95 per cent. or more  
 difference  $\chi^2$  calculated on "all" distribution. Covers are based  
 "maximum" distribution. Yields, assuming maintenance of

Dividends at current rate of 4.5%, and based on holding period, growth rate for value of discounted distribution and rights.  
 Dividends with discount rate either 5% or 10% are quoted  
 Alternative of the investment deferral premium.  
 Starting discounted securities which include investment  
 rights premium.  
 "Top" Book.  
 Highs and Lows marked thus have been adjusted to allow for  
 rights issues for each.  
 Interim since increased or resumed.  
 Interim since resumed, passed or deferred.  
 from 20.00-25.00

Bank and Insurance: reserve allocations may preclude  
 calculation of dividend cover

Price at time of suspension.  
Indicated dividend after pending scrip and/or rights issues  
cover relates to previous dividend or forecast.  
Free of Stamp Duty.  
Minor bid or reorganization in progress.  
Not covered.  
Some interest reduced final and/or reduced earnings  
indicated.  
Based on 1972 profits.  
Cover allows for conversion of shares: not now running for  
dividends or ranking only for restricted dividend.

dividend at a future date. No P/E ratio usually provided. Excluding a final dividend declaration.

[illegible]

Dividend and yield based on previous year's earnings. <sup>v</sup> Tax free up to 30p in the £. <sup>w</sup> Yield allows for minority clause. <sup>y</sup> Dividend and yield based on merger terms.

Dividend and yield include a special payment; Cover does not  
 to special payment.  
 Not dividend and yield. B Preference dividend passed or  
 covered. C Canadian. D Issue price. E Assumed dividend  
 or assumed share and rights issue. F Figures  
 on prospectus or other official estimates for  
 1976. G Figures based on prospectus or other official  
 estimates for 1976. H Dividend and yield based on prospectus or  
 other official estimates for 1976. I Gross. T Figures  
 turned. U No significant Corporation Tax payable.  
 Dividend total to date.

abbreviations:  $\Delta$  ex dividend;  $\pi$  ex scrip issue;  $\pi$  ex rights;  
 $\pi$  all;  $\Delta$  ex capital distribution.

Recent Issues " and " Rights " Page U52 27



## Cod war settlement appears near

BY MALCOLM RUTHERFORD

A SETTLEMENT of the six-month cod war between Britain and Iceland is believed to be in sight, after mediation efforts by Norway and West Germany.

Mr. Roy Hattersley, Minister of State at the Foreign Office, is in Oslo discussing the matter with the Norwegians.

Although diplomatic sources are still declining to comment in any detail, this is largely because they fear that public statements at this stage could inflame Icelandic public opinion again.

There have been two main developments which suggest that a settlement could be near. One is that, until last night's attempted warping, there had been no incidents between British ships and Icelandic coastguard vessels for more than two weeks. Indeed, when two British trawlers collided, the Icelanders offered help.

This is in spite of the recent British move to new waters off the east coast, where the catch has significantly improved, though it remains within Britain's self-imposed limit of 85,000 tonnes of cod a year.

The Foreign Office had no comment on last night's incident. In terms of Icelandic politics, one explanation could be that the incidents were inspired by Icelanders opposed



Mr. Hattersley in Oslo

to a settlement. The Icelandic Cabinet is meeting today to discuss the whole cod war question.

The second — and perhaps more significant — development is that Iceland has given no indications that it will terminate its agreement with West Germany, despite the fact that it would be free to do so next week.

The German agreement was signed six months ago, but contained a clause saying that it could be ended on April 23 if Protocol 6 of the 1972 EEC-Iceland Free Trade Agreement had still not entered into force.

Protocol 6 contains limits on European Community imports of Icelandic fish and fish products which are at present being levied at rates of between 2 and 18 per cent. It can go into force only when Iceland is not in dispute with any member of the Community.

The fact that Iceland does not appear ready to terminate the German agreement suggests that it is keen to have Protocol 6 implemented. This turns depends on a settlement with Britain.

Britain and West Germany have been working closely together in recent weeks to put this point across. It is also likely that the British Government has let it be known that it would be prepared to accept a much more modest agreement than it had previously pressed for.

### Offer withdrawn

The agreement which expired last November was for an annual British catch of 130,000 tonnes. In negotiations on a new agreement Britain lowered its demand to less than 100,000 tonnes, but the Icelanders never went above 65,000 tonnes — and even that offer was subsequently withdrawn.

The question could now be settled by not naming any specific tonnage figure and Britain may well accept an agreement that runs only until the end of this year. By that time the outcome of the Law of the Sea Conference in a general move to 200-mile limits should be clear.

Mr. Hattersley is unlikely to make any statement when he returns from his talks in Oslo today but will probably make some public statement on or before April 28.

## Strike by craftsmen halts Ebbw Vale tinsplate works

BY IAN HARGREAVES, LABOUR STAFF

A STRIKE by about 900 craftsmen has halted production at the British Steel Corporation's tinsplate plant at Ebbw Vale, South Wales.

The men, all members of the Amalgamated Union of Engineering Workers, stopped work on Tuesday afternoon. It has taken two days for the withdrawal of their vital maintenance service to bring production to a standstill.

The plant produces almost one-third of Britain's tinsplate and has a labour force of 6,700. Lay-offs are expected to start at the week-end if a mass meeting of the strikers, called for tomorrow morning, does not agree on a return to work.

A spokesman for the strikers said last night that they had walked out because the corporation had refused to pay them for

a night shift on Easter Monday. A foreman had failed to turn up to supervise the shift and management was unable to find a replacement.

But the corporation blamed the dispute on disagreement at plant level over implementing economies agreed in January with the TUC Steel Industry Consultative Committee.

In a statement it claimed that on Easter Monday the men refused to work to instructions left for them or under the supervision of an engineer called in later to take charge. They were told that if they did not work, they would not be paid.

BSC says that economies on overtime and manning levels. In the process of implementation at Ebbw Vale over a two-year period, have had only a minimal impact on the strikers. Production workers have borne the

brunt of the cuts but, says the corporation, resistance has been confined to the AUEW men now on strike.

The 900 men have agreed to provide safety cover during the strike.

January's agreement between the BSC and the steel unions, was the third attempt at a compromise on manning levels, within a year. Although details of the cuts were left for negotiation at plant level, BSC was aiming to reduce the workforce by 40,000 over the next two years.

One major concession by the unions was to accept that premium week-end shifts, which employees operate as part of their basic 40-hour week, be worked only if justified by the order book. But again, implementation was to be agreed at plant level.

It appears that the dissatisfaction of the AUEW men at Ebbw

Vale stems from loss of earnings on week-end premiums of this kind. Some men in South Wales have lost as much as £10 a week because of the cuts.

The trouble could also have been stimulated by news of the corporation's continued economic improvement. At the time of the January agreement, BSC was losing £3.4m a week, but the weekly loss has now been trimmed back to £2m.

The corporation maintains that the economies of manpower must be made permanent if the improvement is to continue, but unrest over reduced earnings at Ebbw Vale can hardly have been eased by these figures.

The greatest fear at BSC is that the unofficial action of the 900 AUEW men may trigger disputes elsewhere. So far the economies have met with little or no resistance.

## Peace formula in Mini lorry drivers' dispute

BY PETER CARTWRIGHT

A FORMULA for a return to work by the 32 Rubery Owen lorry drivers, whose strike has halved Mini production at British Leyland, was made 3,000 miles away at Jaguar.

The formula was devised at a three-hour meeting yesterday between management and shop stewards arranged after Mr. Brian Mathers, regional secretary of the Transport and General Workers' Union, had intervened to urge the drivers to go back.

He said: "We are extremely conscious that the dispute is affecting many thousands of our members in the motor industry, and of how precarious British Leyland's situation is."

The lay-offs started this week as Leyland Cars was beginning production of a series of internal pay strikes, mainly by toolmakers, which cost the division more than 17,000 cars worth £50m. in the showroom. And the last dispute—a go-slow at the Triumph car plant at Coventry—ended yesterday.

Rubery Owen's factory at Darlington is a key supplier of components, including sub-frames, axles and petrol tanks, for a number of Leyland Car factories.

Some of the drivers were laid

off last week for two days because there was insufficient work for all of them as a result of a shop-floor overtime ban. They refused to accept the lay-offs and this week went on strike.

A decision by the drivers to-day to end their strike would almost certainly prevent lay-offs from rising well beyond the 3,000 reached yesterday. Rubery Owen is the sole supplier of sub-frames for the Mini, all production of which stopped yesterday at the Longbridge, Birmingham, plant, with 1,000 now idle.

At Jaguar Cars, Coventry, 2,000 are laid off, mainly on the front axle beams from Darlington. Final assembly lines, however, are still operating.

The 6,000 Triumph men, whose go-slow over a pay dispute, in the past ten days has reduced production of several hundred saloons and sports cars, resumed normal working yesterday.

A secret ballot showed a majority of more than two to one—3,589-1,538—to call off the go-slow and discussions with management began immediately.

Their action was a protest against the inability of management to honour a pledge to bring forward a pay review by three months to April 1 if production fell by 10 per cent. The Department of Ex-

ployment twice refused to allow a pay increase because it would have breached the pay regulations, which rule that more than one increase in 12 months.

The Triumph workers now want the company to include the extra to which they would have been entitled—which includes the go-slow period during which pay for more than 4,000 was suspended in the next pay review in July. "But with the prospect of an extension of an incomes policy, an acceptable formula is likely to be difficult to find. The matter has been shelved rather than solved."

The workers are also asking for revisions to supervision, which they claim is too heavy. They point out that they continued production perfectly well without foremen or other supervision.

Despite the return to full production at Triumph, a shortage of engines stopped production of the Midget sports car at the Abingdon, Cowley, plant. About 130 assembly workers were laid off.

But MGB sports car production at Abingdon was back to normal yesterday after 300 workers had been laid off on Wednesday following a shortage of transmission shafts, food by the recent strike.

at Drews Lane, in Birmingham.

## Volkswagen may approve U.S. plant to-day

By Guy Hawtin

FRANKFURT, April 22. VOLKSWAGEN'S supervisory Board is expected to-morrow to approve plans to set up a car manufacturing plant in the U.S. This is seen as the only way in which the concern can regain its rapidly declining share of the vital U.S. motor market.

A decision on this has been delayed for more than a year. But a spokesman for the largest West German car maker said to-day that the supervisory Board was "almost 100 per cent certain" to approve the plan at to-morrow's meeting.

Prompting the Board's decision are the latest Volkswagen U.S. performance figures. Sales of 50,283 in the first quarter of 1976 were 41.4 per cent. down on the 85,536 vehicles in the opening three months of 1975.

Audi sales dropped 40.9 per cent. during the same period from 13,560 vehicles to 8,018.

The fall comes at a time when overall car sales in the U.S. are rising fast to meet a surge in demand. Output in the U.S. rose 13.8 per cent. in the first quarter compared with the same period of 1975. Volkswagen's U.S. sales dropped 22.2 per cent. to 46,000 in 1975 and this followed a heavy fall the previous year.

Trade union opposition to the plan was a prime cause for the supervisory Board's delay in reaching a decision. Herr Eugen Loderer, chief of the I. G. Metall, metal workers' trade union, is deputy chairman of the VW supervisory Board. Trade unionists fear that jobs will be lost as a result of opening up in the U.S.

### Labour costs

The arguments against the U.S. plant have become increasingly untenable as high West German labour costs, and the rising value of the Deutsche Mark have eroded the company's competitiveness in the face of massive Japanese attack on its market share.

The Rabbit—the U.S. version of VW's Golf—has failed to hold its own despite prices substantially below the West German levels.

Stewart Fleming writes from New York: Volkswagen is believed to be studying some five sites in leading industrial cities of the U.S. as possible locations for a new plant.

Several U.S. cities and companies are anxiously awaiting the response of the Volkswagen Board meeting.

It is believed the company will need a factory of about 1m. square feet and that even on optimistic assumptions it will be over two years before production could begin.

VW is understood to be examining a number of existing factories which are available, including a partially completed Chrysler assembly plant at New Stanton, Pennsylvania. A Western Electric plant at Buffalo, New York, and sites in Cleveland, Baltimore, Detroit and Norfolk, Virginia.

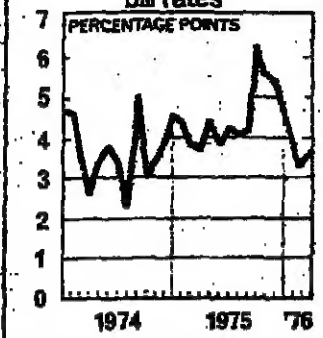
The emigration of a German miracle Page 22

## Radical change in direction

THE LEX COLUMN

Index fell 14.4 to 405.2

Differential between US and UK 3-month Treasury bill rates



Less than two months ago, MLR was allowed to fall at a time when sterling was on the skids, and interest rate differentials between the U.K. and the U.S. have actually widened a little since then. So yesterday afternoon's announcement—which was made in a very unusual way—marked a radical change of direction by the authorities and took the money market completely by surprise. The 30 Share Index, which was already looking gloomy, fell a further 7½ points after 3 p.m., and in the gilt edged market a fall of over 34 points in the short run within the space of a few hours is something for the record books.

A rise of a point in MLR to-day would not necessarily trigger an immediate rise in base rates, and the betting in the money market last night was on an increase of that order. And it may be argued that it is the gesture that counts in the current climate, rather than the precise degree of any change. But if interest rates are again to be considered as a weapon in defence of sterling, then no-one is going to stick out his neck about the short-term trends in the gilt edged market.

### Lucas

A one for three rights issue underwritten at a discount of 18.18 per cent. on the previous night's closing price would have represented quite a mouthful under any circumstances—and yesterday it was enough to knock Lucas down 18p to 212p. But although the forecast profits jump from £32.3m. to not less than £46m. had already been well discounted, the yield basis has been transformed by an increase of two-fifths in the annual dividend rate. And this advance is partly explained by the doubling in engineering profits with armaments, bottling, design and the overseas interests all strong. Demand for lithographic plates also picked up towards the end of the year and BAC's sales were strong in this period so its contribution to associate profits rose £5m. to £15m. over the year. However, shipbuilding profits are as expected, £1.1m. down to £1.2m. and as at Hawker Siddley, the nationalisation candidates are contributing a smaller proportion of profits than in 1974, while elsewhere bursary reckons it generally. I group is left until the full profits improvement seems to be coming largely from a turn-

After all this year's net cash flow of over £40m. will substantially cover fixed asset replacement and debt should be held at around a third of capital employed. But fixed asset spending is going to be significantly higher in 1976-77, which is also when the pay-off from the big expansion into diesel engine equipment should start to appear. So far, by contrast, the profits improvement seems to be coming largely from a turn-

round in the traditional, low return areas like electrical equipment, together with aircraft and industrial products. These were really what pushed U.K. profits up by over half in the first six months.

Of course Lucas last had a big rights issue only four years ago, and the issue price has not been seen since. But the group has changed radically in that period both in terms of sales—which on the Continent have more than trebled to over £130m.—and of profits.

### Vickers

Vickers' full-year profits are yet again well ahead of expectation—£8.3m. up to £24.2m. pre-tax—and the group is confident about trading prospects in most areas this year. Go even yesterday the shares were able to rise 'up to 192p'. The extent of the advance is partly explained by the doubling in engineering profits with armaments, bottling, design and the overseas interests all strong. Demand for lithographic plates also picked up towards the end of the year and BAC's sales were strong in this period so its contribution to associate profits rose £5m. to £15m. over the year. However, shipbuilding profits are as expected, £1.1m. down to £1.2m. and as at Hawker Siddley, the nationalisation candidates are contributing a smaller proportion of profits than in 1974, while elsewhere bursary reckons it generally. I group is left until the full profits improvement seems to be coming largely from a turn-

particularly in office equipment. The group is nearer knowing receive computer much, but in balance sheet provided by the a £15m. ten-year Finance for the the overdraft during the year heavy after cap £15m. included acquisitions, and for working sequentially, to rose by about during 1975 with over £1 holders' funds recently managed nationalisation with a rise of this year, though of £51m. only partly rec interest profit building and risen from £1. the last couple comfortably on

Cadbury's

Cadbury's £58.6m. pre-tax, £53.5m. pre-tax, in 1973. For predicts a profit which is of around the basis of 15 per cent. capital that is earnings stand a reduction of year-end borrow to rising world sales. After all issue brought capital spend nearly £15m.

Last year's badly diluted shares, and as trends move with market from July 1 Cadbury's margins most direction. At has been led the hot summer hold products year. Austr nearly, Europ closure costs a writeoffs in while elsewhere bursary reckons it generally. I group is left until the full profits improvement seems to be coming largely from a turn-

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## Weather

### U.K. TO-DAY

SUNNY with showers. London, S. E. and N. England, E. Anglia, Midlands.

Scattered wintry showers, sunny intervals. Wind N.E. Max. 15C (59F).

W. Midlands, Channel Is., S.W. England.

Dry, mostly sunny. Wind E. Max. 14C (57F).

Wales, N.W. England, I. of Man, Lakes, S.W. Scotland, N. Ireland.

Dry, sunny spells. Wind E. Max. 13-15C (55-59F).

Borders, Edinburgh, Dundee.

Dry, cloudy at times, some sunny intervals. Wind N.E. Max. 11C (52F).

Aberdeen, Moray Firth, N.E. Scotland, Orkney, and Shetland.

Dry, cloudy at times, some sunny intervals. Wind N.E. Max. 10C (50F).

Highlands, Argyll, N.W. Scotland.

Dry, sunny spells. Wind N.E. Max. 10C (50F).

Lighting-up: London 20.40, Manchester 20.54, Glasgow 21.00, Belfast 21.12.

### BUSINESS CENTRES

City	Day	Time	City	Day	Time
Alexandria	F	23	London	F	23
Amman	F	23	Madrid	F	23
Antwerp	F	23	Manila	F	23
Barcelona	C	17	Moscow	F	23
Belgrade	C	17	Mumbai	F	23
Belgium	C	17	Nairobi	F	23
Bombay	C	17	Paris	F	23
Buenos Aires	C	17	Rangoon	F	23
Calcutta	C	17	Seoul	F	23
Canton	C	17	Singapore	F	23
Cebu	C	17	Taipei	F	23
Dacca	C	17	Tokyo	F	23
Dahomey	C	17	Yokohama	F	23
Dar es Salaam	C	17			
Dhaka	C	17			
Dublin	C	17			
Frankfurt	C	17			
Geneva	C	17			
Hong Kong	C	17			
Kuala Lumpur	C	17			
London	C	17			
Lyons	C	17			
Manila	C	17			
Moscow	C	17			
Mumbai	C	17			
Nairobi	C	17			
Paris	C	17			
Rangoon	C	17			
Seoul	C	17			
Singapore	C	17			
Taipei	C	17			
Tokyo	C	17			
Yokohama	C	17			

### HOLIDAY RESORTS

City	Day	Time	City	Day	Time
Alexandria	F	23	London	F	23
Amman	F	23	Madrid	F	23
Antwerp	F	23	Manila	F	23
Barcelona	C	17	Moscow	F	23
Belgrade	C	17	Mumbai	F	23
Belgium	C	17	Nairobi	F	23
Bombay	C	17	Paris	F	23
Buenos Aires	C	17	Rangoon	F	23
Calcutta	C	17	Seoul	F	23
Canton	C	17	Singapore	F	23
Cebu	C	17	Taipei	F	23
Dacca	C	17	Tokyo	F	23
Dahomey	C	17	Yokohama	F	23
Dar es Salaam	C	17			
Dhaka	C	17			
Dublin	C	17			
Frankfurt	C	17			
Geneva	C	17			
Hong Kong	C	17			
Kuala Lumpur	C	17			
London	C	17			
Lyons	C	17			
Manila	C	17			
Moscow	C	17			
Mumbai	C	17			
Nairobi	C	17			
Paris	C	17			
Rangoon	C				